

THE DEPARTMENT OF STATE BULLETIN

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Publications of the Department, cumulative lists of which are published at the end of each quarter, as well as legislative material in the field of international relations, are listed currently.

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The American Trade Proposals: Trade Barriers Imposed by Governments

Article by MARGARET POTTER

WORLD TRADE is of great concern to the United States. Since 1934, this country—through the Hull Trade Agreements—has been actively pursuing a policy of lowering trade barriers. Now, with the war over and the great tasks of reconstruction begun, this country has the opportunity to use its economic leadership to guide the world toward the goals of increased international trade conducted on a basis beneficial to all, with greater freedom than was possible in the past. We cannot create such a world single-handed; it requires the help of all trading countries.

In an attempt to move in the direction of reducing trade barriers, the United States Government on December 6, 1945 issued its "Proposals for Expansion of World Trade and Employment".¹ These Proposals have been carefully prepared by experts from many interested departments and agencies of the Government. They are published as a basis for discussion which, it is hoped, will lead to a world conference on trade and employment. In a joint statement with the United States Government, the British Government has stated that it "is in full agreement on all important points in these proposals and accepts them as a basis for international discussion; and it will, in common with the United States Government, use its best endeavors to bring such discussions to a successful conclusion, in the light of the views expressed by other countries".¹

As a first step, the United States has invited 15 countries to participate in a preliminary meeting at which mutual trade-barrier reductions would be negotiated and at which recommendations to the world conference would be prepared regarding general policies in the field of international trade.

The Proposals themselves are comprehensive, dealing not only with governmental barriers to

trade, but also with those imposed by private business organizations, and with international agreements concerning certain commodities that offer special problems in world trade. The international aspects of domestic employment policies and the structure of a proposed International Trade Organization are also covered. These subjects will be treated in separate articles to appear later. The present article discusses those sections of the Proposals dealing with governmental trade barriers.

The International Trade Organization would function, within the system created by the Charter of the United Nations, as the central international forum for the discussion of problems relating to international trade and trade barriers, and for the formulation and recommendation of methods of dealing with such problems. Its charter would be adopted at the world conference on trade and employment, and its original membership would consist of all nations participating in that conference which accepted membership in it. The fundamental purposes of the ITO, as outlined in the Proposals, would be to promote international commercial cooperation, to enable members to avoid recourse to measures destructive of world commerce, to facilitate access by all members on

This is the first of a series of five articles to appear in the BULLETIN on "Proposals for Consideration by an International Conference on Trade and Employment". The other articles will discuss cartels, commodities proposals, employment, and international trade organization.

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¹ BULLETIN of Dec. 9, 1945, p. 912.

equal terms to the trade and raw materials of the world, and, in general, to promote the expansion of production, exchange of goods, and high levels of employment and real income.

Government Barriers to Private Trade

There are four general ways in which private trade can be restricted by governments: tariffs and preferences, quantitative restrictions, exchange control, and miscellaneous administrative controls. In addition, governments have distorted the flow of trade and in some cases restricted it—directly or indirectly—through improper use of subsidies and state-trading organizations. For each of these types of government regulation of trade it is the objective of the Proposals to present a generally acceptable code of principles which will permit an expanding flow of world trade.

Tariffs and Preferences

Of all the barriers to trade which grew up between 1930 and the outbreak of World War II, tariffs and preferences bulk perhaps the largest in the minds of the American and British peoples, since measures of this kind form the principal trade barriers used by the United States and the British Commonwealth countries. The United States has used tariffs primarily. Our Tariff Act of 1930 not only reduced the volume and value of United States foreign trade and of world trade, but also had an exceedingly bad psychological effect upon other countries then reconsidering their trade policy, since its enactment strengthened the hand of protectionist elements everywhere and enabled them to obtain more drastic increases in the restrictions maintained by their respective countries than the situation actually warranted.

Preferences adopted by the British Commonwealth countries at Ottawa in 1932 were among the first and most directly traceable answers to the American tariff increase. These preferences not only increased barriers against imports of non-Empire goods (since, in most cases, existing rates—or free entry—became the preferential rates while non-Empire countries paid new higher rates), but also introduced an element of discrimination that seriously distorted trade channels.

Given the historical connection between the increase in the American tariff and the expansion of Commonwealth preferences, as well as their real

importance in world trade, the reduction in American tariffs and concurrent measures to do away with the system of preferences must occupy a key position in any effort to relax trade barriers. Under the trade-agreements program, a start was made toward this objective. The renewal and strengthening of the Trade Agreements Act by Congress now makes it possible to do more.

The United States Proposals attack the related problems of tariffs and tariff preferences as a unit. According to this plan, members of the proposed ITO would undertake to enter into arrangements for the substantial reduction of tariffs and for the elimination of tariff preferences, the latter action being taken in conjunction with adequate action to reduce other trade barriers and in connection with the other mutually advantageous arrangements contemplated by the plan. The arrangements proposed would be negotiated, so far as the United States is concerned, under the procedures of the Trade Agreements Act.

Existing international commitments, of the kind concluded between the Commonwealth countries at Ottawa, would not stand in the way of any action on preferences which might be negotiated. Negotiated tariff concessions would operate automatically to reduce or eliminate preference margins, and no new or increased margins would be permissible.

To complete the picture, the plan contemplates that export duties would be subject to negotiation in the same way as import duties, and that all export preferences (export duties which are higher or lower according to the destination of the goods) would be prohibited.

The tariffs and preferences section of the Proposals concludes with a provision that intergovernmental tariff-reduction agreements should contain a general safeguarding clause permitting the participating countries to take necessary measures to prevent sudden and wide-spread injury to their domestic producers caused by excessive imports under unforeseen circumstances. Experience under the trade-agreements program indicates that provisions of this nature are practicable.

Quantitative Trade Restrictions

Prior to 1930 the principal form of trade regulation in use by most trading nations was the tariff. From that time to the outbreak of war, however, there developed wide-spread resort to the use of

prohibitions and absolute quantitative limits on the amount or value of imports of specified commodities.

During the war the scarcity of shipping space, the world shortage of certain materials, the lack of foreign exchange available to most countries, and similar considerations led all countries to extend quantitative control to nearly all import and export trade.

Long before the war it had become apparent that quantitative controls provide the most effective of all methods of obstructing the flow of trade. By the same token, they have been the most formidable barrier to the expansion of trade. In considerable degree trade can adjust itself to tariffs, even to rather high tariffs. There is no way, however, in which trade can adjust itself to an outright prohibition on imports or to a restrictive quota. The existence of a quota in all cases adds to the routine work involved in importing, and a delay in the delivery of goods ordered at a time when a quota was unfilled has often meant that entry has been refused because the quota had been filled before the goods arrived. Such incidents can seriously discourage imports.

Under the United States Proposals quantitative restrictions would be eliminated, in principle, both as regards export and import trade, in conformity with the general purpose of avoiding recourse to measures destructive of world commerce.

A number of exceptions to the general prohibition of quantitative restrictions are provided in the Proposals. Some provide for strictly temporary emergencies such as a domestic shortage of foodstuffs which may require domestic rationing of a product and limitation of exports by quota. One supplements and parallels the Bretton Woods arrangements to take care of balance-of-payments difficulties. Two others provide for import quotas which may be authorized by an intergovernmental commodity agreement conforming to the principles set forth elsewhere in the Proposals or which may be imposed on agricultural imports in connection with certain types of domestic governmental agricultural programs.

While the exceptions outlined above are in the aggregate substantial, it would be a mistake to assume that they by any means nullify the general proposal that quantitative restrictions be abolished. Only three of them permit permanent or quasi-permanent import quotas. Also, all such quotas would be operated under approved pro-

cedures subject to international safeguards and would be imposed only in genuine hardship cases in which failure to use quotas might result in injury to the international community greater than would be involved in the use of quotas.

Exchange Control

At one time or another in the last two decades almost every government has exercised some kind of control over the purchase and sale of foreign exchange. For some, like the United States, exchange control has been principally a wartime measure and in any case would, in all probability, largely disappear as post-war conditions became more settled. But for other countries exchange control had become before the war an important element of foreign economic policy which, in the absence of international agreements to the contrary, would probably be continued after the war. The control of payments to foreign countries is necessarily closely related to the control of foreign trade, and many countries found that the exchange-control mechanism was a most useful means of enforcing trade policy. By direct, detailed, and flexible methods of granting or refusing licenses for the purchase and sale of foreign exchange, and by stipulating the conditions and rate of exchange, it was easy to undertake and to conceal questionable practices in a way not possible by the use of quotas and tariffs alone. Foreign-exchange controls are particularly easy to manipulate so as to discriminate among foreign suppliers of goods.

The Bretton Woods International Monetary Fund Agreement takes detailed account of exchange-control problems. By providing funds for stabilization purposes it reduces the need for exchange control. The Fund Agreement, therefore, provides for the elimination of exchange controls after a transitional period, except in specified circumstances. It also sets up standards to ensure that when exchange controls do exist they shall not be used to discriminate against any member country after a transitional period. With the Fund Agreement in existence it seemed unnecessary to incorporate elaborate exchange-control provisions in the United States Trade Proposals. Yet, because of the great influence of exchange-control policies on world trade, the subject could not be entirely omitted from the Proposals, and assurance was necessary that the principles of the International Monetary Fund would be adhered

to so that the multilateral trading principles would not be nullified by national exchange-control policies and practices. Therefore, the simple provision is made that members of the ITO shall abide by the exchange principles of the International Monetary Fund. In another article the principle of equal treatment for all members of the ITO in the administration of such exchange controls as may exist is reaffirmed. There are some cases under the Fund Agreement in which the approval of the Fund is required for certain practices, and the Proposals suggest that when members of the ITO are affected the Organization should be consulted by the Fund.

By these simple provisions an important link is established between two international organizations in related but distinct fields. Such interlocking is a good demonstration of the several approaches necessary to the goal of an expanding, multilateral world economy. At the time the Bretton Woods Proposals were being discussed, spokesmen for the United States and other governments made it clear that the Fund was not being proposed as a single, separate instrument that should alone solve world monetary problems. Now that the Trade Proposals have been made public, the role of the Fund can be seen in greater perspective, and the intimate relation between the two is perhaps most clearly demonstrated in the exchange-control provisions of the Trade Proposals as just summarized.

General Commercial Provisions

In addition to the well-defined and regularly recurring trade practices by which trade has been restricted and diverted into uneconomic channels for reasons of military or political strategy, because of exchange difficulties or for other reasons, states have in the past made use of a great variety of regulations of a miscellaneous character which have had much the same effect. In some instances such measures have been conscious efforts to give protection to domestic interests; elsewhere a more or less unintended confusion of regulations, restrictive in effect, has resulted from the frequent changes necessitated by pre-war difficulties or war-time trade conditions. Consequently, a thorough overhauling of all countries, customs regulations and other administrative controls affecting imports is an essential part of a well-rounded program of trade-barrier reduction.

The Proposals aim to eliminate discrimination

through customs and administrative regulations, and to moderate their restrictive effects by securing agreement to the reduction of excessive charges and to the standardization and simplification of procedure. For example, a variation of the excessively protective tariff is the requirement that imported goods pay higher internal charges than competing domestic products. This is a form of protection which would be abandoned under the Proposals. Higher transportation charges for imported goods and restrictions on the free movement of foreign goods within the importing countries are similar in effect, and would also be eliminated if the Proposals were adopted.

A more subtle form of protection, more difficult to measure and more apt to be discriminatory in effect as among foreign suppliers, is the use of arbitrary valuation methods as a basis for assessing duties. On this point the Proposals not only suggest the adoption, as soon as practicable, of principles designed to assure the use of true commercial values as a basis for assessing duties, but also look toward acceptance of a standard code of valuation practice. An attempt is made to prevent another kind of discrimination in the proposal that there be developed and adopted a standard definition of the cases in which antidumping and countervailing duties may properly be applied.

Other Government Practices Affecting World Trade

The provisions already described complete the sections of the Proposals dealing with governmental measures which operate primarily to restrict private trade. Under the general heading of barriers to trade, the Proposals also deal, however, with two other governmental practices which sometimes constitute trade barriers. One such practice, the use of subsidies, if it affects international trade at all, operates primarily to distort the direction of trade; the other, the use of state-trading organizations, may obstruct trade either by distorting its direction or by restricting the total volume of trade both public and private.

Subsidies

In an effort to improve the incomes of producers of various goods—particularly agricultural commodities, of which prices had fallen disproportionately to other prices during the depression and after—and sometimes for other reasons, various countries have adopted measures to subsidize pro-

ducers of certain commodities. In some cases subsidies have related to domestic production, as do direct payments to producers or public purchases of the commodity at minimum prices. Others have been paid upon exports of the commodity from the country employing the subsidy.

Some subsidies of the first class have not affected international trade at all or not significantly, but many others have resulted either in decreased imports into the country employing a subsidy or increased exports from it. Export subsidies and all domestic subsidies which have operated to force increased exports on world markets have in turn increased competition in world markets already depressed by surpluses, and have made it increasingly difficult for equally or more efficient suppliers in other countries to obtain remunerative prices for their produce. Apart from these economic difficulties, the use of subsidies to promote exports has also tended, in competing exporting countries, to create fear of increased subsidies and resentment against the country employing them.

Under the Proposals, subsidies are treated under two main categories: those related to domestic production and those which take the form of export subsidies. Domestic subsidies which do not operate to increase exports or to reduce imports would not be subject to any international procedure at all, but all domestic subsidies which have such international effects would be reported to the ITO. It may be assumed, for example, that under these Proposals payment of a subsidy to maintain pilot plants for industries essential to national defense might fall entirely outside the purview of international regulation. On the other hand, a subsidy paid to maintain commercial operations by an industry required for national security might, without causing serious damage to the trade of any other country, have international effects and so require reporting to the ITO.

If the domestic subsidy were such as to cause serious damage to the trade of another country, the subsidy would not only be reported but an effort would be made to reach agreement regarding limitation of its use. Such might, for example, be the case if a subsidy were maintained to encourage home food production in a country which would otherwise require considerably larger imports of foodstuffs.

For export subsidies, separate provision is proposed. Because of their immediate and disturbing

effects upon the trade of other countries, it is contemplated that their use would in general be abandoned after an initial transitional period. However, in the case of commodities in burdensome world surplus, export subsidies could still be used within reason either under an approved international commodity agreement or if efforts to conclude such an agreement had failed. This provision would, for example, permit the continuance beyond the transitional period of United States export subsidies on two commodities which have presented troublesome surplus problems in the past, namely wheat and cotton, only if (1) it had been shown that both were in burdensome world surplus, (2) an approved international commodity agreement had been concluded, under which the subsidies were being operated, or (3) efforts to reach an international commodity agreement had failed. Even so, the subsidy would not be operated to increase the United States share in world trade in these commodities, as compared with a previous representative period.

State Trading

The term *state trading* is one which, to most Americans, immediately calls to mind the practice of requiring all exports or all imports to be sold and purchased through a single governmental trading company, either for purposes of managing the country's foreign-exchange resources or as a part of a domestic production-control program. Actually, the term is much more inclusive and as such applies to the operations of a number of United States governmental agencies. Purchase of strategic materials or of agricultural products by governmental agencies for resale, either to ensure supplies or to support or control prices, is a form of state trading. Foreign state monopolies, such as the tobacco and match regimes maintained by several countries for revenue purposes, fall in the same general class.

The various possible practices of state-trading organizations affect international trade in varying degrees. Major commercial-policy problems regarding state trading arise mainly from the use by such organizations of methods which are restrictive of trade, whenever used, and, secondly, from the difficulty of applying to state-trading organizations the standards of commercial practices that have grown up in connection with private trading. The Proposals, therefore, seek,

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Understanding Among Peoples

By ASSISTANT SECRETARY BENTON

I AM HERE to pay tribute to the job your motion-picture industry did in the winning of the war and to discuss with its executives the part the motion-picture industry can play in the planning of the peace.

I am here to discuss the most urgent and important and difficult task we face—how to advance the cause of understanding among the peoples of the world.

The contribution any one group, any one agency, any one government can make to this task is puny when it is measured against the staggering immensity of the problem. This is a task to which every civilized man must dedicate himself and every civilized man is not a man too many.

The first task of my Everyman is to support our participation in the founding of the United Nations Educational, Scientific and Cultural Organization—UNESCO—which is to be a part of the United Nations Organization. UNESCO is a part of my responsibility in the State Department. I should like to quote briefly from the draft constitution of UNESCO.

I quote: “. . . since wars begin in the minds of men, it is in the minds of men that the defences of peace must be constructed; peace based exclusively upon the political and economic arrangements of governments would not be a peace which could secure the unanimous, lasting and sincere support of the peoples of the world, . . . peace must therefore be founded, if it is not to fail, upon the intellectual and moral solidarity of mankind.

“For these reasons, the States parties to this Constitution, believing in full and equal opportunities for education for all, . . . are agreed and determined to develop and to increase the means of communication between their peoples and to employ these means for the purposes of mu-

tual understanding and a truer and more perfect knowledge of each other's lives”.

The hopes of millions of people—unspoken hopes for the most part—may presently be centered in UNESCO. That hope will spring from their faith that ordinary men and women everywhere want to understand each other, want to know the best of each other's work and thought; and that out of such understanding will come peace and growth.

Largely at the urging of the American Delegation, the preliminary conference meeting in London last November agreed that UNESCO should stimulate the use of the mass media of education—radio, the press, and motion pictures—rather than concentrate on achieving cooperation among scientists, scholars, and technical experts, which has been the tradition of predecessor organizations.

A second task for my civilized man stems from an Executive order last summer in which President Truman called upon the State Department to formulate a peacetime program under which we could present abroad what he called a “full and fair picture of American life and of the aims and policies of the United States Government”.

Such a program has now been worked out under my direction in the State Department. This program is designed to help replace with knowledge and understanding the ignorance and suspicion that now exist throughout the world about the United States. The budget proposed last week to Congress for this program amounts to about one fifth of one percent of the budget proposed by the Army and Navy for achieving peace through force of arms and the threat of force. It is a new enterprise for the American Government in peacetime. I know you expect me to devote my remarks today to this new form of government enterprise.

Our country was a world pioneer in proclaiming the right of the individual to liberty, in the Declaration of Independence. You will recall a

phrase in the first line of that document—the ancestor of my program of today in the State Department—“a decent respect to the opinion of mankind”. The authors of the Declaration were addressing themselves to people everywhere, not just to those in the Colonies.

Thirteen years later the Constitution went a long step further. It proclaimed the absolute sovereignty of the people as a whole over all government and all officials. These two principles—liberty for the individual, sovereignty for all the people—form our most sacred heritage.

In these decisive moments of world ferment, other nations are in various stages of reaching for attainment of these two principles. All stages are represented, from serfdom and bondage in some areas to liberty and democracy in others. But today the peoples of the world wield greater power by far than ever before. As all of us know, 170 years of American example are at least partially responsible for this rise in power of the peoples of the world. Perhaps all of us can agree on one sure, long-range prediction: the power of the people will continue to rise.

In the case of those areas in which the people have little or no apparent voice, the world's best hope for peace lies in their rising to power. That is why it is vital to our interest that the peoples of other nations—and not merely their rulers—acquire an understanding of the United States. With understanding of us, we can hope that almost all peoples will join with us as willing friends and allies. This is important to our trade and commerce in peacetime. It is vital to our security in time of crisis. It is more effective as well as cheaper to win allies through understanding rather than through fear of our economic power and our military force.

Today at Nuremberg and elsewhere war criminals are being tried. They are the former rulers who plunged the world into war. They might well have been powerless if their peoples had known the truth about the United States. The war was made possible by the lack of knowledge of the peoples of Germany, Italy, and Japan of the potential military power of the United States.

They did not know that we were powerful—powerful beyond their wildest dreams of their own strength. They were told we were weak and divided, our economy out of kilter, our people starving—and they believed it.

They were told, above all, that the American system is degenerate and debilitated, that democracy is hypocrisy and so-called freedom a joke. They were told that our leaders were scoundrels; that our culture was semi-barbaric; our ideals tainted; our morals base. And they believed all this and more.

The fighting is over, but that great lesson from the war is before us today. Another war seems certain if the peoples of the world again think of us in the same way. All our treaties, all our international organizations, all our material aid will mean nothing without an accompanying knowledge, by other people, of the realities of the United States.

The need for understanding is more important now than it ever was before, for three definite reasons.

The *first* is that the new international collaboration in which we are now engaged extends to almost every field of human activity—not only to traditional aspects of foreign relations such as military security, armaments, boundaries, treaties, trusteeships, trade agreements, and the like, but also to transportation, communication, education, health, agriculture, the fine arts, and science. Our American representatives meet with others almost continuously. Policies are laid down, decisions are made, day after day, most of them affecting other peoples as well as our own people. This new world interrelationship requires understanding of our motives, our desires, our ideals. It is a fortunate fact—a fact closely related to this new interrelationship—that the means of communication among peoples have undergone a revolutionary expansion in the last quarter century.

The *second* reason for the new importance of understanding is that the position of the United States in the world today, with its gigantic resources, industries, agricultural development, and scientific achievements, makes our *domestic* internal activities important to the whole world. We 135,000,000 Americans who live here in the 48 States are the keystone in the arch of the world economy. *How* we live, *what* we do, affects everyone. A hurricane in Florida, a strike in New York Harbor, a bumper wheat crop in Nebraska, an increase in freight cars produced, the color of the bread we eat—all have a direct impact on the economy and living conditions of other peoples. Here again the world needs information about us—

not only a summary of what happens but an adequate background for it. We see this need reflected in the astonishing hunger for information about America that exists throughout the world—in the lines that queue up at our Government libraries abroad and the questions that pour in for our short-wave radio programs to answer.

Third, the nature of the American democratic system, with its disagreements and its individual liberty, is bewildering to a world emerging from the throes of authoritarianism. It is easy for foreigners, without knowing the real situation, to get the impression that this is a land of strife and discord, with race set against race, class set against class, religion set against religion, the rich oppressing the poor, the poor revolting against the rich, gangsters roaming the streets of Chicago, cowboys shooting up the wild-west saloons of Los Angeles, and Congress weltering in a whirl of filibusters and cocktail parties. Yes, we are some of all that, as Hitler knew, but that is not the United States, as we know.

American information officers working abroad find that our form of government, our way of living, and our mode of thought, are widely misunderstood. Our men can describe hundreds of instances. Some are amusing. Some are distressing. Many are dangerous.

There was the report circulated late last year throughout Rumania about vast criminal activities in the United States. J. Edgar Hoover was quoted as saying that in the few months after V-J Day six million criminals had been rounded up. The truth was that Mr. Hoover had stated that the FBI possesses six million sets of fingerprints of people arrested since the FBI began collecting fingerprints 22 years ago.

There was the article in a Rome newspaper a month after President Truman took office, linking him with the Ku Klux Klan, and saying: "Certainly it is the most powerful latent organization in the United States today; perhaps the one which has a clearer practicality, a more aggressive will, a more closely guarded secrecy than all the shades of freemasonry."

There were the recent reports throughout Europe that we are secretly backing the Franco regime in Spain, throughout China that we are trying to build Japan into a major power again, throughout the world that American industry is completely paralyzed.

But it is not just incidents like these that require

correction. It is the absence of fundamental knowledge about the United States which imperils us. Sometimes it is possible for a specific distortion to be created, either accidentally or deliberately, which will gain acceptance by repetition unless it is corrected. More often, however—and in this process Dr. Goebbels excelled—existing stereotypes or *clichés* about America are deepened and confirmed. These myths about America, which sometimes appear to be fostered deliberately for internal or external political reasons, are based on inadequate knowledge of the facts about American history and American institutions. They can be dissolved only gradually by patient effort on our part, not to persuade but to keep the facts in full view abroad.

My associates and I have gone about designing this program by asking ourselves the following questions: What services are needed? Are they being furnished without government participation? How can we legitimately assist private agencies to do the job better? What gaps remain to be filled?

First of all, information officers are needed abroad in the foreign countries—Americans working under the direction of our ambassadors. Such officers can deal directly with the people of the nation by providing information through any important medium, just as our ambassadors deal with government heads and officials and as our commercial attachés deal with commercial and financial interests.

Along with these information officers, American libraries are needed, stocked with books, magazines, and documents that portray American life. These libraries are not only needed but they are tremendously popular.

Exhibits are needed too, showing in pictures, charts, and in other ways the life of the American people. Like the libraries, they attract people by the hundreds of thousands.

Documentary films and newsreels, scored in foreign languages and exhibited non-theatrically, portray various aspects of American life—its educational system, its agriculture, its public-health work, its election procedures.

American press services send spot news to many countries but in most cases in abbreviated form. In fact, the papers abroad are so small they will only pay for and can only use condensations. Yet there is a pressing need for foreign editors to have

before them the full texts of, or full excerpts of, official United States documents, as well as speeches by members of Congress, American editorial opinion and the like. Unless the United States Government assumes the responsibility for providing this documentary material, the top officials, editors and broadcasters of other countries do not get it, nor do the members of parliamentary bodies. A few lines, taken out of context, form the basis of their speeches and editorials.

Besides these full texts, there is much background information which is indispensable for understanding the United States. Newspaper services don't send it, because it is not news in the usual sense; but it is important and exciting to foreign peoples to learn of our institutions, our schools, our agricultural methods, our industrial system, our churches and theaters and museums and music, our living habits and ideals and hopes, and the biographies of our prominent men and women. When Mr. Truman suddenly became President, almost nothing about his background was available abroad except that which our information officers were able to assemble and provide. This type of material we shall send by mail to information officers in our embassies.

Still another vital need for the benefit of the United States is direct short-wave radio broadcasting of news and background material. This is particularly important today to the many areas which receive nothing at all or very little directly from the United States in any other form. Such short-wave radio stations could be conducted privately only at a considerable financial loss. Thus, whether privately or publicly operated, the Government must participate in their cost. Congress must shortly decide what form Government financial participation will take. Recommendations are now being developed for consideration by Congress.

In the field of broadcasting, I want to emphasize the fact that this is the major way peoples of other countries can be sure to get news of America from American sources. Other news of America comes to them screened through their own newspapers and broadcasters.

I doubt that more than a few members of this audience have ever heard any of our "Voice of America" broadcasts, despite the fact that California is the headquarters for all of our short-wave broadcasting to Asia and much of our broadcasting to Latin America.

Finally, there is a program for the exchange of persons—students, professors, technicians, and distinguished persons. Some 10,000 foreign students will study in the United States this year, the great majority of them paying their own way. I hope that figure will be doubled by next year. Of all the elements of the program I have outlined for the long pull I am most hopeful about this one.

The foregoing roughly comprises our present and proposed program. The proposed budget is far smaller than the annual advertising budgets of many American corporations. It can be viewed as a series of relatively small activities to provide the people of other countries with more information about us. I prefer to view it, and I believe the people of the United States so view it, as one of the mainsprings of the effort on which the fate of the world may well depend, the effort to secure the peace by creating understanding among peoples.

It adds up, I think, to a favorable beginning for a permanent, continuous two-way cultural and informational exchange which may eventually do more for world security than a fleet of battle-ships—and at a tiny fraction of the cost.

Its greatest virtue in my opinion is that it is ready to go to work in the here-and-now. Events move too swiftly for us to be complacent when serious misconceptions of America take root abroad. We know that our intentions are good, but international cause and effect are so closely coupled that the outbreak of war at any one spot on the globe might ripen within the hour into the destruction of cities thousands of miles away. I am using no empty figure of speech when I say that the fuse of disaster is lit and burning steadily. If areas of mass ignorance and ill-will are permitted to remain in the world, and if the fuse reaches and inflames them, these may act as detonators for an explosion that could engulf us all. The hope for the future lies in eliminating the areas of mass ignorance and ill-will. We must combat them as never before.

That is the objective of the program I have partially outlined today. That is an objective on which I hope we can all unite—the Congress, the State Department, the press, radio and motion-picture industries, forums such as this, and the people of the United States and peoples everywhere throughout the world.

Position of France, U. K., and U. S. on Relations with Present Spanish Government

[Released to the press March 4]

The Governments of France, the United Kingdom, and the United States of America have exchanged views with regard to the present Spanish Government and their relations with that regime. It is agreed that so long as General Franco continues in control of Spain, the Spanish people cannot anticipate full and cordial association with those nations of the world which have, by common effort, brought defeat to German Nazism and Italian Fascism, which aided the present Spanish regime in its rise to power and after which the regime was patterned.

There is no intention of interfering in the internal affairs of Spain. The Spanish people themselves must in the long run work out their own destiny. In spite of the present regime's repressive measures against orderly efforts of the Spanish people to organize and give expression to their political aspirations, the three Governments are hopeful that the Spanish people will not again be subjected to the horrors and bitterness of civil strife.

On the contrary, it is hoped that leading patriotic and liberal-minded Spaniards may soon

find means to bring about a peaceful withdrawal of Franco, the abolition of the Falange, and the establishment of an interim or caretaker government under which the Spanish people may have an opportunity freely to determine the type of government they wish to have and to choose their leaders. Political amnesty, return of exiled Spaniards, freedom of assembly and political association and provision for free public elections are essential. An interim government which would be and would remain dedicated to these ends should receive the recognition and support of all freedom-loving peoples.

Such recognition would include full diplomatic relations and the taking of such practical measures to assist in the solution of Spain's economic problems as may be practicable in the circumstances prevailing. Such measures are not now possible. The question of the maintenance or termination by the Governments of France, the United Kingdom, and the United States of diplomatic relations with the present Spanish regime is a matter to be decided in the light of events and after taking into account the efforts of the Spanish people to achieve their own freedom.

Appeal to Private Citizens to Meet Food Crisis

Telegram sent by the President on February 26:

I am sure you are familiar with the acute need for foodstuffs in the war-torn countries of Europe and Asia. Our national self-respect and our duties as human beings demands that we do all possible to stop the spread of famine. I have directed the agencies of Government to do everything possible to this end. But Government alone is not enough. We cannot meet this situation without an aggressive voluntary program on the part of private citizens to reduce food consumption in this country. I am asking you and a very few other public spirited citizens to meet in the East Wing of the White House at three o'clock, Friday afternoon, March first, to work out means for supporting such a voluntary program. Ex-President

Hoover has accepted my invitation and will be there. I count on your support.

HARRY S. TRUMAN

The above statement was released to the press on Mar. 4, the telegram on Feb. 27. The telegram was sent to the following:

Sheldon Clark, vice president, Sinclair Oil Corp.; Justin Miller, president, National Association of Broadcasters; Clarence Francis, chairman of board, General Foods Corp.; George H. Gallup, Young & Rubicam; Henry R. Luce, *Time and Life*; James W. Young, J. Walter Thompson Co.; William I. Myers, Cornell University; Chester C. Davis, Washington, D. C.; Eugene Meyer, publisher, *Washington Post*; Anna Lord Strauss, president, League of Women Voters; Emily G. Dickinson, president, Federation of Women's Clubs; Eric Johnston, president, U.S. Chamber of Commerce.

Documents Concerning Relations Between the Spanish Government and the European Axis

1. Memorandum by the German Ambassador in Madrid (Stohrer), August 8, 1940.
2. Letter from General Franco to Mussolini, August 5, 1940.
3. Letter from Mussolini to General Franco, August 25, 1940.
4. Notes of a conversation between the Führer and the Spanish Minister of the Interior (Serrano Suñer) in the presence of the Reichs Foreign Minister (Von Ribbentrop) in Berlin on September 17, 1940.
5. Letter from General Franco to Hitler, September 22, 1940.
6. Notes covering the interview between the Führer and Count Ciano in the presence of the Reichs Foreign Minister (Von Ribbentrop) and the State Secretary Meissner in Berlin on September 28, 1940.
7. Letter from the Spanish Minister of the Interior (Serrano Suñer) to the Reichs Foreign Minister (Von Ribbentrop), October 10, 1940 (Not printed here).
8. Notes on a conversation between the Führer and the Caudillo in the Führer's parlor car at the railroad station at Hendaye on October 23, 1940.
9. German Foreign Office Memorandum, October 31, 1940.
10. Telegram from the German Ambassador in Madrid (Stohrer) to the Foreign Office in Berlin, December 5, 1940.
11. Telegram from the German Ambassador in Madrid (Stohrer) to the Foreign Office in Berlin, December 12, 1940.
12. Letter from Hitler to General Franco, February 6, 1941.
13. Letter from General Franco to Hitler, February 26, 1941.
14. Secret Protocol between the German and Spanish Governments, February 10, 1943.
15. Notes on a conversation between General Franco and the German Ambassador in Madrid (Dieckhoff), December 15, 1943 (Not printed here).

• No. 1

STRICTLY SECRET! BERLIN, August 8, 1940

Operation: *Gibraltar*

Conditions for Spain's entry into the war

According to a memorandum presented in June of this year by the Spanish Embassy, the Spanish Government declares itself ready, under certain conditions, to give up its position as a "non-belligerent" state and to enter the war on the side of Germany and Italy. The Spanish Foreign

Minister, and also the Minister of the Interior, have up until the last few days repeatedly pointed out this Spanish offer to me, so that it may be assumed that Spain even today will keep its promise made in June.

As conditions for entry into the war, the Spanish Government cites the following:

1. Fulfilment of a set of national territorial demands, Gibraltar, French Morocco, that part of

Released to the press Mar. 4. A separate publication of the full texts of these documents (translation), Publication 2483, European Series 8, may be had from the Division of Research and Publication, Department of State.

Algeria colonized and predominantly inhabited by Spaniards (Oran), and further the enlargement of Rio de Oro and of the colonies in the Gulf of Guinea;

2. Making available military and other assistance required for carrying on the war.

The memorandum of Admiral Canaris enclosed here¹ gives detailed information regarding the extent of military assistance apparently necessary.

Besides this military assistance, however, economic support of Spain will also be necessary. To this belong, above all else, the delivery of gasoline and, at the beginning of next year, delivery of grain for bread. According to a recent utterance of the Spanish Minister of Foreign Affairs (of the third of this month) Spain, due to its shortage of gasoline, can wage war without our help 1½ months at the most. As concerns the grain for bread, the Minister believes that Spain has sufficient supplies until about March of next year. I consider this latter supposition as too optimistic, unless a strict rationing is carried out.

Besides this necessary assistance, however, Spain, beginning with entry into the war, will with respect to a number of other commodities as well be exclusively left to the resources of German and Italian aid.

If the operation is undertaken, it is in any case necessary:

1. To have the preparations go forward in as camouflaged a manner as possible, to make available in Spain supplies of gasoline and war material (ammunition, bombs) which can be unobtrusively transported by railroad and truck, and, not until the last moment, to bring the heavy guns collected in the south of France across the border by fast transit and into the prepared emplacements, while the air arm is absolutely not to make its appearance until the operation begins in earnest.

2. The moment for initiating the preparations and the operation itself must be adjusted to the expected development of things in England itself, in order to avoid a too early entry of Spain into the war, that is to say, a period of war unendurable for Spain, and thus under certain circumstances the beginning of a source of danger for us.

STÖHRER

¹ Not printed.

● No. 2

*Chief of State and Generalissimo
of the Spanish Army*

MADRID, August 5, 1940

To His Excellency

SENOR BENITO MUSSOLINI

*Head of the Italian Government
Italy*

DEAR DUCE:

Since the beginning of the present conflict, it has been our intention to make the greatest efforts in our preparations, in order to enter the foreign war at a favorable opportunity in proportion to the means at our disposal, since the lack of the most vital provisions and the interruption of communications with Italy and Germany hindered every operation at the moment.

The rapid and devastating victories in Flanders altered the situation; the defeat of France liberated our frontiers, lessening the grave tension which we along with our Moroccans have been bearing since our Civil War.

From this moment, our horizon became brighter, our operation became possible and could become very effective, once the difficulties of provisioning have been removed.

In this manner, upon the entry of your Nation into the war, we had to take a clearer stand, one of alertness, changing to one of non-belligerency, which, in the field of foreign affairs, could not fail to have great repercussions. This awakened jealousy and opposition, and unleashed an Anglo-American offensive against our provisioning, aggravated in these days by the new measures taken by the United States against our exports, and by the English blockade measures, causing grave tension in our relations with those countries.

The consequences, which the conquest of France is to have for the reorganization of the North African territories have made it advisable for me, now that the time has come, to charge my Ambassador in Rome with transmitting to Your Excellency the Spanish aspirations and claims traditionally maintained throughout our history in the foreign policy of Spain, today more alive than ever in our consciousness; to territories, whose present administration is a consequence of that Franco-English policy of domination and exploitation, of which Italy also bears so many scars. To the legitimate Spanish aspirations are added in this case

the requirements for security necessitating the elimination of a weak and thinly protected frontier, and the assuring of our communications with the Canary Island group.

In this manner, Spain in addition to the contribution which she made to the establishment of the New Order, through our years of hard struggle, offers another in preparing herself to take her place in the struggle against the common enemies.

In this sense, we have requested from Germany the necessities for action, while we push forward the preparations and make every effort to better the provisioning situation as far as possible.

For all these reasons, you will understand the urgency in writing you, to ask your solidarity in these aspirations for the achievement of our security and greatness, while I at the same time assure you of our unconditional support for your expansion and your future.

With my greatest admiration for the brave Italian comrades who are fighting so gloriously, I send you my most cordial regards.

F. FRANCO

• No. 3

*The Chief of Government
and Duce of Fascism*

ROME, August 25, 1940

To the *Head of the Spanish Government*

Generalissimo DON FRANCISCO FRANCO

BAHAMONDE

MADRID.

DEAR FRANCO!

I thank you for the letter which you have sent me, and in which you sketch the position of Spain in the present stage of the war.

I should like to make it clear to you at once that your letter has not surprised me.

Ever since the outbreak of the war I have been constantly of the opinion that "your" Spain, the Spain of the Falange Revolution, could not remain neutral until the end of the war, but at the right moment would change to non-belligerency and finally to intervention.

Should that not happen, Spain would alienate herself from European history, especially the history of the future, which the two victorious Axis powers will determine.

Furthermore, she would have no moral justification for the solution of her African questions, and,

let me say to you, a victorious revolution must set itself extreme goals of an international type, such goals, therefore, as can, at a given moment, require the complete attention and the total effort of a people.

It is clear to me that Spain, after three years of civil war, needed a long period of recuperation, but events will not permit it, and your domestic economic condition will not get worse when you change from non-belligerency to intervention.

I should like to say to you, dear Franco, that I, with these my practical considerations, do not wish to hasten you in the least in the decision that you have to make, for I am sure that in your decisions you will proceed on the basis of the protection of the vital interests of your people and am just as certain that you will not let this opportunity go by of giving Spain her African *Lebensraum*.

There is no doubt that after France Great Britain will be defeated; the British regime exists only on one single element: the lie.

I certainly do not need to tell you that you, in your aspirations, can count on the full solidarity of Fascist Italy.

I beg you, dear Franco, to accept my most cordial and comradely greetings.

MUSSOLINI

• No. 4

September 17, 1940

As a preliminary Serrano Suñer delivered a short and voluntary message of Generalissimo Franco, in which the latter expressed to the Führer his gratitude, sympathy, and high esteem, and emphasized to him his loyalty of yesterday, of today, and for always. Franco had commissioned him to bring about a direct contact with the German Government in this decisive time. Since he had already informed the Reichs Foreign Minister of the Spanish wishes, he did not at the moment want to come back to that again, but only wished to emphasize that the Spanish attitude toward Germany had not changed in the least. It was not a question of a revision of the Spanish foreign policy, but only of a clarification of the conditions under which Spain was ready to fight the war together with Germany. Whenever Spain's supply of foodstuffs and war material was secure she could immediately enter the war. With reference to the war material, Suñer declared that the details of the Spanish wishes had been conveyed to Ad-

miral Canaris and Suñer made precise the wish for placing artillery at their disposal specifying that the Spaniards considered ten 38-centimeter guns necessary for Gibraltar.

The Führer declared further that it would not be possible to provide 38-centimeter guns for Gibraltar. Even the transporting would involve extraordinary difficulties, and the installation would require three to four months. Germany could, however, make special artillery available for the Gibraltar undertaking. Moreover, it was clear that Germany would do everything in her power to help Spain. For once Spain entered the war, Germany would have every interest in her success, since indeed a Spanish victory would be a German one at the same time.

. . . The military cooperation of Germany in the Spanish war would consist of:

1. immediately expelling enemy ships from the Straits, and

2. making available a small troop of specialists with special weapons by whom Gibraltar could be quickly overwhelmed without great sacrifice of blood. This would be a matter of a small selected special troop of assault engineers equipped with special armor-destroying guns—the so-called "*Scharten*" or "pillbox-crackers". As soon as Gibraltar was taken, the problem of the Mediterranean would therewith be settled and no serious danger from French Morocco either could any longer threaten.

In the further course of the conversation, Serrano Suñer came to speak about Morocco, and justified the Spanish claims for it in a manner similar to that in the conversation with the Reichs Foreign Minister. He characterized Morocco as Spain's *Lebensraum* and as her natural expansion objective. For reasons of domestic strengthening of the regime and of external security, Spain was raising the known territorial demands.

The Führer agreed with him in the last point with the remark that many a domestic difficulty which Spain at the moment perhaps still had to

face could quickly and easily be overcome by successes with foreign policy. This was an old historical experience. Moreover, it was a matter of two questions:

1. of the problem of the war, which essentially was a military question, and

2. of the future configuration of the relationships in Europe and Africa.

Here Germany on the one hand had economic interests—she wanted to buy raw materials and sell finished manufactured goods—and on the other hand there was the problem of security for her African future in central Africa. For under (certain) conditions, a great danger could threaten her possessions there and even the whole New Order as well. It was not out of the question that England and France would try to entice America to the Azores and in these efforts find support in certain imperialistic tendencies of America now already coming to the fore. England could in this way gain a foothold in the islands stretching out in front of Africa—whereby, in time, a very unpleasant situation would arise. For the Continent would be dependent upon that power which kept the outlying islands occupied, especially if it concerned a power with naval superiority. Now the control of the seas could be exercised neither by Italy, nor by Germany, nor by Spain. Therefore, it was necessary to set up defensive strong points on the islands in good time. . . .¹

To this, Serrano Suñer remarked that Germany had won the war and could claim the leadership in the New Order. The defense of the European-African area, however, must take place within the framework of a military alliance of the three powers and of a wise policy. The Führer continuing explained the German interests. It was a matter of:

First, to render the northern area free from the blockade;

Second, to create security toward the east for danger always threatened from the east, and Germany was filling a very useful role as the eastern bulwark for Europe; and

Third, to assure Germany a great colonial area, which was not, however, a matter of area for settlement, of which she possessed enough on the European Continent, but instead purely a matter of raw material colonies.²

¹ Most of one paragraph illegible on microfilm.

² Two subsequent paragraphs are illegible in the material available.

After a one-hour duration the interview was concluded.

SCHMIDT
Minister

• No. 5

Chief of State
Generalissimo of the
National Military Forces

September 22, 1940

MY DEAR FÜHRER!

I must thank you for the cordial reception which you and your people prepared for my envoy, Minister Serrano Suñer, who reported to me about your conversation and about your esteemed ideas, which satisfy our wishes, and with which we believe ourselves to be in complete agreement, as you will see from the content of this letter. In spite of complete agreement with your words "to recognize the Spanish claims to Morocco with the one limitation of assuring Germany through favorable commercial agreements a share in the raw material of this area", there is to be sure one point where they are inconsistent, namely in the wishes of Herr von Ribbentrop, expressed in the form of a proposal during the conversations between our Ministers, for the establishment of an enclave for German military bases by occupying both the two harbors of the southern zone. These are, according to our opinion, unnecessary in peacetime, and superfluous in wartime, because in this case, you can count upon not only these harbors but on all of them that Spain possesses, since our friendship is to be sealed firmly for the future as well. The advantages that these bases could offer would neither counter-balance the difficulties which this type of enclave always produces nor the harm which they cause to the areas involved whose outlet to the sea they constitute.

1. In regard to your trains of thought set forth in point one concerning the political and economic effects of the present struggle, I can only say to you that I have agreed from the first day on with your opinion expressed there. Only our isolation and the lack of resources most indispensable for our national existence made our operation impossible.

I am in agreement with you that driving the English out of the Mediterranean Sea will im-

prove the condition of our transports, although it is self-evident that not all questions of the provisioning of Spain will be solved thereby since there are many products and raw materials which Spain lacks, and which are not to be found in the Mediterranean basin.

2. I am likewise, of the opinion that the first act in our attack must consist in the occupation of Gibraltar. In this sense our military policy in the Straits since 1936 has been directed by anticipating the English intentions of expanding and protecting their bases.

For our part, we have been preparing the operation in secret for a long time, since the area in which it is to take place has no suitable network of communications. With respect to the special conditions of the rock, points of resistance can withstand even the strongest action from the air, so that they will have to be destroyed by good and accurate artillery. The extraordinary importance of the project would, in my opinion, justify a strong concentration of resources.

In any case, the strong air forces offered by you are indispensable.

6. The possibility of a surprise attack on the Canary Islands by the English in order to create a naval base for themselves to protect overseas connections has always been a worry of mine. Within the scope of our possibilities we are about to lay aside there supplies of food, ammunition, and sufficient artillery-material which we are getting from other less-threatened regions; we effected a partial mobilization several months ago, and also have sent arms for the entire archipelago. We have transferred a group of pursuit pilots there who would no longer have been able to get there once the war had begun. I am of your opinion and consider the presence of dive-bombers and destroyer planes in Las Palmas extremely useful, for which bomb material and spare parts must be sent in advance.

In the meantime I consider it my duty to point out to you that in my opinion the conversations hitherto conducted by our specialists have taken the course of negotiations more of a purely commercial orientation. By having treated the set-

tlement of old matters, by wanting to solve the economic problems and the post-war exchange of commodities, they have deviated from the main subject, which affects both parties equally and which will find its complete solution in the statements of your letter, with which I completely agree.

I would like to thank you, dear Führer, once again for the offer of solidarity. I reply with the assurance of my unchangeable and sincere adherence to you personally, to the German people and to the cause for which you fight. I hope, in defense of this cause, to be able to renew the old bonds of comradeship between our armies.

Your

F. FRANCO

• No. 6

BERLIN, September 28, 1940

At the beginning the Führer directed to Count Ciano the question whether the possibility existed for a meeting with the Duce at the Brenner. He considered it right to bring about an exchange of opinion with the Duce concerning the general situation but especially also concerning the Spanish question, before far-reaching decisions were to be made. Also he wanted to speak with him about the strategic situation. As concerned Spain, Germany, on the basis of the experiences gained during the Civil War, was clear about the fact that one could not make progress with the Spanish without quite concrete and detailed agreements. It was critical for Germany and Italy successfully to end the war in great security and in as short a time as possible.

The Spanish proposals to Germany, somewhat crassly expressed, go as far as the following:

1. Germany is to deliver for the coming year 400,000-700,000 tons of grain;
2. Germany is to deliver all the fuel;
3. Germany is to deliver the lacking equipment for the Army;
4. Germany is to put up artillery, airplanes, as well as special weapons and special troops for the conquest of Gibraltar;
5. Germany is to hand over all of Morocco and besides that, Oran, and is to help her get a border revision in the west of Rio de Oro;
6. Spain is to promise to Germany, in return, her friendship.

One must think it over thoroughly if one intends to enter into such obligations and if one is to bar other possibilities from oneself. Aside from that, he (the Führer) was afraid that the agreements concerning Morocco would somehow leak through and become known in France. In this case the French would possibly even come to an agreement with the English, if they knew that Morocco would be lost to them in any case after the conclusion of the war. At all events, it would be more favorable for Germany if the French remained in Morocco and defended it against the English. If the Spanish were to occupy the territory, they probably would only call for German and Italian help in the event of an English attack, and moreover, they would let the tempo of their Civil War prevail in their military measures. It was therefore necessary to talk over very calmly for a few hours with the Duce the whole question in the light of its usefulness and its military significance, especially since the deliveries demanded of Germany would represent a great sacrifice, which after all could not be made only in return for the good graces of the Spanish. Thus far, at any rate, the Spanish had not yet held out the prospect of an equivalent. One must ponder the problem very coolly and examine it in the light of its possible effects. The case would be entirely clear if Spain would assume distinct obligations. Considering the uncertainty of the Spanish attitude, Germany and Italy in this interview between the Führer and the Duce would have to take a similar stand on the Spanish problem. The agreements with Spain would only contain obligations for her partners and in practice would have to be made good militarily by Germany and Italy. The consequences could be very unpleasant. It would not be impossible that, the commitments concerning Morocco and Oran becoming known, North Africa even might fall into the hands of the English. That would make a conquest of this territory necessary. This military undertaking would have to be carried out over the very dubious bridge, Spain, during which the possibility would definitely exist that Spain then would withdraw again into her neutrality. At all events, England would then have in Africa a great number of air bases, which to be sure would not be decisive for the war, but which could really turn out to be very unpleasant, since air penetration from Germany

and Italy would be difficult on account of the great distance.

The Führer then mentioned in this connection the invitation which Franco had extended to him to meet with him on the Spanish-French border. He did not yet know whether he ought to accept this invitation. It would all depend on the conversation with the Duce. In any case he was not convinced that Spain had "the same intensity of will for giving as for taking." Moreover it was customary for allies to support one another reciprocally; in the case of Spain, however, the reciprocity would have to be missed.

When Spain was engaged in the Civil War, Germany had supported Franco in a very extensive measure considering her [Germany's] condition at the time. This support moreover had not been without risk. It was not limited only to the delivery of *matériel*, but volunteers were also made available and many Germans and Italians had fallen in Spain. He did not intend to compute this blood sacrifice in terms of economic values, but instead considered it an outright gift to Spain.

Economically Germany had given out many hundreds of millions for Spain. He (the Führer) had taken the stand that the payment of this debt should be left alone during the war, however that it would have to be taken up again after the victory of Franco. Whenever the Germans demand the payment of the 400 million debt incurred during the Spanish Civil War, this is often interpreted by the Spanish as a tactless confusing of economic and idealistic considerations, and as a German, one feels toward the Spanish almost like a Jew, who wants to make business out of the holiest possessions of mankind. Therefore in all agreements with the Spanish one must to begin with clearly stipulate the terms, and if Germany is to furnish grain, the question of compensation must be settled now already.

Italy and Germany had done very much for Spain in the year 1936. Italy just had its Abyssinia undertaking behind her, while Germany was in the midst of her rearming. Without the help of both the countries there would today be no Franco.

From all these considerations a joint discussion with the Duce was necessary before making further decisions which could be very far-reaching. In no case should any step which would be under-

taken with regard to Spain lead to a deterioration of the strategic position in the Mediterranean Sea.

Count Ciano replied that the Duce certainly would gladly seize the opportunity for a discussion with the Führer. He had already frequently spoken to him (Ciano) about it. Would the Führer like to make a suggestion concerning the date?

Moreover the Duce had the same fears as those the Führer had just mentioned concerning the difficulties involved in an entry of Spain into the war. Italy also had not forgotten the experiences of the Spanish Civil War. At that time Franco had declared that if he received 12 transport planes or bombers, he would have the war won in a few days. These 12 airplanes became more than one thousand airplanes, 6 thousand dead, and 14 billion lire. With all due sympathy for Spain, this had upon reflection proven in fact to be right, and now again the Duce feared that many sacrifices would be demanded of Italy and Germany without return. Aside from this, it was to be feared that following the pattern of the Spanish Civil War, Spain's demands as now reported would be increased more and more in the further course of events. Therefore caution was in order and a discussion very appropriate.

It was then decided to hold the discussion between the Führer and the Duce at the Brenner in connection with the visit of Serrano Suñer in Rome on Friday, October 4, 1940.

SCHMIDT
Minister

• No. 8

October 23, 1940

At the beginning the Caudillo expressed his satisfaction about the fact that he was at the moment able to make the personal acquaintance of the Führer and to render to him Spain's thanks for everything that Germany has done for his country up to the present. Spain has always been allied with the German people spiritually without any reservation and in complete loyalty. In the same sense, Spain has in every moment felt herself at one with the Axis. In the Civil War the soldiers of the three countries had fought together and a profound unity has arisen among them. Likewise, Spain would, in the future, attach herself

closely to Germany for historically there were between Spain and Germany only forces of unity, and none of separation.

In the present war as well, Spain would gladly fight at Germany's side. The difficulties which were to be overcome therein were well known to the Führer. A war would necessitate preparations in the economic, military, and political spheres. Within her modest possibilities, Spain had begun these preparations; was, of course, coming up against difficulties therewith which were being made for her by elements in America and Europe, hostile to the Axis. Therefore, Spain must mark time and often look kindly toward things with which she was thoroughly not in accord.

Franco then came to speak of Spain's growing provisioning difficulties and in this connection mentioned that the United States and Argentina apparently were precisely following orders from London, for there had been cases in which the channel through the British Embassy immediately removed difficulties in both the above-mentioned countries. The difficulties already existing would be more intensified by the bad harvests. In spite of this, Spain with a view toward her spiritual alliance with the Axis powers, has assumed the same attitude toward the war as Italy had in the past autumn.

The Führer replied that he was glad to see the Caudillo personally for the first time in his life after he had so often been with him in spirit during the Spanish Civil War. . . . Germany had established a front against the British Islands from the North Cape to the Spanish border and would no longer allow the English a landing on the Continent. The military actions were now taking place right in English motherland. In spite of that, England had certain hopes: Russia and America. With Russia, Germany had treaties. Aside from this, however, he (the Führer) immediately after conclusion of the French campaign had undertaken a reorganization of the German Army so that, beginning with March of the coming year, the latter would present itself in the following strength: of a total of 230 divisions, 186 were attacking divisions. The rest consisted of defense and occupation troops. Of the 186 attacking divisions, 20 were armored divisions equipped with German material, while 4 additional armored brigades possessed captured material in part. In addition to this there were 12

motorized divisions. With this Army strength Germany was grown ready for any eventuality. He (the Führer) believed that England was wrong too in placing her hope on Russia. If the latter country were aroused at all from its inactivity, it would, at the most, be active on the German side. It was therefore a matter of misspeculation on the part of England.

With respect to America, there was no need to be afraid of an active attack during the winter. There would therefore be no change in the present military situation. Until America's military power would be fully armed, at least 18 months to two years would pass.

There would arise, nevertheless, a considerable danger if America and England entrenched themselves on the islands stretching out off Africa in the Atlantic Ocean. The danger was all the greater because it was not certain whether the French troops stationed in the colonies would under all circumstances remain loyal to Pétain. The greatest threat existing at the moment was that a part of the Colonial Empire would, with abundant material and military resources, desert France and go over to De Gaulle, England, or the United States.

Naturally Germany had an interest in ending the war in a short time if possible, since every additional month cost money and sacrifice. In the attempt to bring about the end of the war as soon as possible and to render the entry of the United States into the war more difficult, Germany had concluded the Tripartite Pact. This Pact was compelling the United States to keep its Navy in the Pacific Ocean and to prepare herself for a Japanese attack from that direction. In Europe as well, Germany was attempting to expand her base. He could confidentially report that several other nations had announced their intention of joining the Tripartite Pact.

To guarantee her petroleum supply, Germany has sent pursuit squadrons and *Panzer* troops to Rumania upon the request of the Rumanian Government and in agreement with it.

The great problem that was to be solved at the moment consisted in hindering the De Gaulle movement in French Africa from further expanding itself, and (hindering) the establishment, in this way, of bases for England and America on the African coast. A danger in this direction was actually present. The Pétain government

was in the deplorable condition of having to liquidate a war for which it was not responsible, for the consequences of which, however, its opponents blamed it. It was now a matter of preventing De Gaulle from receiving an increase in power from this difficult position of the French Government, something which moreover would lead France to complete collapse. Finally, the attempt had to be made to bring France herself to a definite stand against England. This indeed was a difficult undertaking because there were still two tendencies in France: A Fascist one represented by Pétain and Laval, and an opposition one which wanted to carry on a double-dealing game with England. Moreover, it was particularly difficult to stir the French to a clear stand because they did not know how the peace would look. . . .

The purpose of this conference in Hendaye was the following: If they would be successful in effecting quite a large front against England, then the struggle would be substantially easier for all the participants and could be ended sooner. In setting up this front, the Spanish desires and the French hopes were obstacles in the path. Were England no longer participating in the war and if there were no De Gaulle, one would not have to think of relinquishing the demands on France. France could then be brought to submit and, in case she did not wish to cooperate, she could be occupied by the military within 12 days without any difficulty. More difficult would be the solution of the administrative problems and the economic problems. To occupy North Africa would of course be difficult and would not be possible without a strong military effort. The French knew that they had to sacrifice something in the peace treaty. They counted on losing the German colonies and Alsace-Lorraine; they knew that border rectifications would be undertaken and that Nice, Corsica, and Tunis would be lost to them. . . .

• No. 9

BERLIN, October 31, 1940

Reporter: *Councillor of Legation Kramarz*

NOTE

The Naval Warfare Command informs that the necessity exists in connection with naval operations in the Bay of Biscay for being able to supply German destroyers with fuel in out-of-the-way bays of the Spanish coast. For this purpose, Ger-

man tankers would be sent there, from which replenishing would take place by night in order thus to guarantee the secrecy. The Naval Warfare Command has in this connection pointed to the fact that the Spanish Government has already shown similar obligingness in the supplying of German U-boats.

The Naval Warfare Command requests opinion and corresponding instruction of the Spanish Government.

Herewith submitted to
Ambassador Ritter

KRAMARZ

• No. 10

MADRID, December 5, 1940

In reply to proposal made by Embassy as instructed, Foreign Minister has now informed that Spanish Government has agreed to the placing in readiness of German tankers in out-of-the-way bays of the Spanish coast for the supplying of German destroyers with fuel. Foreign Minister vigorously requested observing greatest caution in carrying out measure.

STOHRER

• No. 11

MADRID, December 12, 1940.

STRICTLY SECRET

The protocol of General Vigón covering the conference of Admiral Canaris with the Generalissimo (December 7, 1940) reads in translation:

"Admiral was received 19:30 o'clock in presence of General Vigón. Admiral presents Chief of State Führer's greeting and conveys Germany's wish to undertake attack upon Gibraltar within a short time in connection with which German troops are to march into Spain on January 10. Reports that the Führer considers this moment the most favorable since the troops now available for operation are directly thereafter to be used for other undertakings and therefore could not be reserved for indefinite time. Admiral reports that as soon as march of troops began, economic cooperation of Germany would at once begin.

"To this Generalissimo explains to Admiral that it was impossible for Spain for reasons duly presented to enter into the war on the suggested date.

"3. Spain's provisioning is absolutely inadequate both with respect to the present scanty supplies, as well as with respect to their distribution. There are at the moment two problems:

"(a) the deficiency in foodstuffs, especially grain, which latter [deficiency] is estimated at one million tons.

"(b) the inadequacy of transports due to lack of railway materials and because of the compulsory restriction in the use of motor trucks. If one adds to it the discontinuance of the sea transports as results of the war, the situation of many provinces would become unbearable.

"4. Generalissimo and Government are endeavoring to remove these difficulties. They effected grain-purchases in South America and Canada; they are pushing the purchase of railway cars and are expediting provision of locomotives; they are effecting purchases of gas generators for motor trucks for the eventuality of a complete lack of gasoline. But incipient exhaustion of all supplies and restriction of foreign trade are preventing quick improvement.

"5. For these reasons Spain can not enter into the war within a short time. She could also not wage a long war without imposing unbearable sacrifices upon the Spanish people. Aside from that, a long war would with certainty bring with it loss of a part of the Canary Islands, which could only be supplied for six months.

"Admiral asked Generalissimo whether, under these conditions, which are preventing fixing the 10th of January as the date, it would be possible now already to set a different later date. Generalissimo replies that since removal of difficulties depends not only upon the will of Spain, he too could name no definite date, which might have to undergo change because of the circumstances. In any case, his attention and his effort would be directed toward hastening and completing Spain's preparations. . . .

"Generalissimo considers it advisable that a German economist visit Spain in order to examine the then-existing condition and to pass on to his Government a first-hand impression. He agrees with the Admiral that preparatory studies and labors begun be continued jointly and in the same discreet form hitherto carried out.

"signed Juan Vigón Divisional General"

End of the protocol

STOHRER

● No. 12

February 6, 1941

DEAR CAUDILLO!

If I write this letter it is done in order to determine once again with extreme clarity the individual phases of the development of a situation which is not only important for Germany and Italy but could have been of decisive importance to Spain.

When we had our meeting, it was my aim to convince you, Caudillo, of the necessity of common action of those states whose interests in the final analysis are certainly tied up indissolubly with each other. For centuries, Spain has been persecuted by the same enemies against whom to-day Germany and Italy are forced to fight. In addition to the earlier imperial strivings inimical to our three nations there now arose, moreover, antitheses conditioned by world-outlook: The Jewish international democracy, which reigns in these states, will not excuse any of us for having followed a course which seeks to secure the future of our peoples in accordance with fundamental principles determined by the people and not those imposed by capital. As concerns the German determination to follow this fight through to the final consequence, I need waste no word. The Duce thinks no differently. On the basis of this analysis, the Japanese people as well will not in long run get by, unless it be by a submission sacrificing the future of the Japanese people. I am now convinced that Spain faces the same fate. Caudillo, if your struggle against the elements of destruction in Spain was successful, it was only because of the democratic opponents forced to be cautious by attitude of Germany and Italy. *You will be forgiven, Caudillo, but never for this victory!* Just as little does England think of letting you remain for a long period in North Africa opposite Gibraltar—as soon as she is once again in a position of power. The Spanish seizure of the Tangier zone would in such a case—and this is my deepest conviction, Caudillo—only be a passing intermezzo. England, and probably America too, will do everything to render this entry into the Mediterranean in the future even more secure

under their dominion than up to now. It is my most heartfelt conviction that the battle which Germany and Italy are now fighting out is thus determining the future destiny of Spain as well. Only in the case of our victory will the present regime continue to exist. Should Germany and Italy lose this war, however, then any future for a really national and independent Spain would be impossible.

I have thus been striving to convince you, Caudillo, of the necessity in the interests of your own country and the future of the Spanish people, of uniting yourself with those countries who formerly sent soldiers to support you, and who today of necessity, are also battling not only for their own existence, but indirectly for the national future of Spain as well.

Now at our meeting we agreed that Spain declare its readiness to sign the Three-Power Pact and to enter the war. In setting the date, periods in the far future were never considered or even mentioned, but instead the conversation always was concerned with a very short time-limit within which you, Caudillo, still believed that you could carry out various economic measures favorable for your country.

I personally have been skeptical from the beginning about the hope of receiving very soon more real economic benefits for Spain.

1. England indeed has no thought at all of really helping Spain! England is only endeavoring to postpone the Spanish entry into the war, to put it off in order in this way continually to increase her distress and thus to be able finally to overthrow the Spanish Government of that time.

2. But even if England were about to think otherwise, in an impulse toward some kind of sentimentality never present in British history up to now, she could not really help Spain under any conditions. She is absolutely not in the condition even in transportation alone to aid another country in a time in which she herself has already been forced to the most rigorous retrenchments in her standard of living. And the need for transport space will as the months go by not decrease but instead will get more and more serious.

In spite of the fact that I, therefore—as stated—have been thoroughly skeptical about this from the beginning, I nonetheless brought to bear every bit of appreciation for your efforts in at least try-

ing, even before entering the war, to get shipments of foodstuffs into Spain from countries overseas as well.

Germany, however, has for her part, declared herself ready to deliver to Spain, immediately after undertaking entrance into the war, food, that is—grain—to as great an extent as possible! Furthermore, Germany has declared herself prepared to replace the 100,000 tons of grain which was waiting in Portugal destined for Switzerland in order that it might benefit Spain immediately. *This of course remains contingent upon the final decision for Spain's entry into the war. For about one thing, Caudillo, there must be clarity: We are fighting a battle of life and death and cannot at this time make any gifts. If it should later be asserted that Spain could not enter the war because she received no supplies, that would not be true!* For immediately after settling the entry into the war, a fixed date of which there has as yet been no outward indication at all, Spain would receive the first supplies, that is, 100,000 tons of grain. I doubt whether 100,000 tons of grain could really have reached Spain from abroad within the same period of time, even if such an inclination had existed. Thus, I also doubt that this is going to happen. The assertion, however, that—if our grain had been delivered immediately—the Spanish people could thus by propaganda have been prepared for entry into the war is self-contradictory for another reason.

You, yourself, Caudillo, have indeed personally indicated to me the importance of not yet consummating publicly the entrance into the Three-Power Pact, because you feared that this would have hurt your other efforts, for example in obtaining more grain, indeed would perhaps have wrecked them. How much less possible would it then have been to carry on open propaganda for entering the war? No, I am taking the liberty once more to confirm that:

1. During our conversation, it was never considered that Spain's entry into the war would perchance not take place until autumn or the coming winter, and that—

2. *Germany was ready to furnish supplies to the Spanish Government at the moment when the final date for entering the war was determined.*

When I had the request made to you, Caudillo, with the impression of urgency to bring relief to the Italian ally and to set this date in the middle

or the end of January, that is, to permit the German march against Gibraltar to begin on or after January 10, in order to start attacking at the end of January, then for the first time our negotiators were unequivocally informed that such an early date could absolutely not be considered and this was again motivated by economic factors. However, when I thereupon let it be known again that Germany was indeed ready to begin at once with deliveries of grain, Admiral Canaris received the conclusive information that this delivery of grain would not be decisive at all, for via railway, it certainly could accomplish no practical effect. It was now further declared that since we had already made available batteries for the Canary Islands and moreover intended also to provide dive-bombers for additional security—even that was not decisive, since the Canary Islands from the point of view of food could no longer be held after six months.

That it is absolutely not a matter of economic factors but rather of others is apparent from the last statement in which it is stated that for climatic reasons to march in this season could not succeed, but on the contrary should only be considered at the earliest in the autumn or winter.

Under these conditions, of course, I do not understand why one should first want to declare an event impossible on economic grounds, which is now said to be impossible simply for climatic reasons. Now I do not believe that the German Army would be disturbed during its march in January by a climate which in itself is nothing out of the ordinary for us. In any case, we solved our problems in the Norwegian campaign under varied conditions and with severe climatic hindrances in the form of snow and ice, not to mention the fact that, from the participation of German soldiers and officers in your campaign, Caudillo, the climatic conditions of Spain are nothing unfamiliar to us. I regret most profoundly, Caudillo, this your opinion and your stand since:

1. I feel it my duty to bring relief to my Italian friend and ally and thus be of help to him indeed be of help at the moment when he experienced an unfortunate mishap. The attack on Gibraltar and the closing of the Straits would have changed the Mediterranean situation in one stroke.

2. I am of the conviction that in war, time is one of the most important factors. Months which one lets slip by are often never regained again!

3. Finally, however, it is clear that, on January 10 if we had been able to cross the Spanish border with the first formations, Gibraltar would today be in our hands. That means: two months have been lost, which otherwise would have helped to decide world history.

4. I am further of the convictions that Spain's economic condition would have improved and not become worse because of what would in any case have come to Spain through us and that on the other hand the deliveries which since then actually come to Spain from abroad during this time can only amount to a fraction compared to that which would in any case have been delivered at once by us.

But quite aside from this, Caudillo, I should like now to mention the following:

The entrance of Spain into this struggle has certainly not been conceived of as exclusively to the benefit of the interests of Germany and Italy. Spain herself has advanced very great territorial claims for the fulfilment of which the Duce and I had declared ourselves ready in every degree which could at all be reconciled with an acceptable new arrangement of the African colonial possession for Europe and its countries. And I may point out in this regard that in this struggle up to now first Germany and then Italy, have suffered the most prodigious blood sacrifice, and that both, in spite of this, themselves made very modest claims.

In any case, however, the moment of military operations above all can only be proposed by the one who therewith assumes the main burden of the struggle and who must therefore calculate it into the total program of a military analysis which is after all of world-wide extent. That I myself have no other goal in mind than the common success is certainly understandable. Indeed in this case, Caudillo, my urging in and of itself only proves the strength of my consciousness of responsibility toward my ally as well. For where-soever in the course of this war difficulties should arise, it will be my unbending will to help out with them; and my decision to make good in the final settlement whatever during one or another stage of this war can, perhaps at first have miscarried. This affects Spain as well. *Spain will never get other friends than those given [her] in the Germany and Italy of today, unless it becomes*

a different Spain. This different Spain however would only be the Spain of decline and of final collapse. Even for this reason alone, Caudillo, I believe that we three men, the Duce, you, and I, are bound to one another by the most rigorous compulsion of history that is possible, and that thus we in this historical analysis ought to obey as the supreme commandment the realization that in such difficult times, not so much an apparently wise caution as the bold heart, rather, can save nations.

Moreover, Caudillo, this war is decided regardless of what ephemeral successes the British believe they can achieve anywhere on the periphery. For independently thereof, the fact remains that the British power in Europe is broken and that the mightiest military machine in the world stands ready for every additional task which may be put to it to solve. And how good and reliable this instrument is, the future will prove.

Accept my cordial and comradely greetings.

Your

ADOLF HITLER

• No. 13

EL PARDO, 26 February 1941

To:

*His Excellency ADOLPH HITLER
Führer of the German People*

DEAR FÜHRER:

Your letter of the 6th makes me wish to send you my reply promptly, since I consider it necessary to make certain clarifications and confirmation of my loyalty.

I consider as you yourself do that the destiny of history has united you with myself and with the Duce in an indissoluble way. I have never needed to be convinced of this and as I have told you more than once, our Civil War since its very inception and during its entire course is more than proof. I also share your opinion that the fact that Spain is situated on both shores of the Strait forces her to the utmost enmity toward England, who aspires to maintain control of it.

We stand today where we have always stood, in a resolute manner and with the firmest conviction. You must have no doubt about my absolute loyalty to this political concept and to the realization of the union of our national destinies with those of Germany and Italy. With the same loyalty, I have made clear to you since the beginning of

these negotiations the conditions of our economic situation, the only reasons why it has not been possible up to now to determine the date of Spain's participation.

Having in mind our own post-war difficulties, you will recall that I have never fixed too short a period for our entry into the war. Permit me, Führer, to say that the time elapsed until this moment has not been completely lost, since we have been obtaining not certainly great enough quantities of grain to permit us to build stocks, but certainly for some of the bread necessary for daily sustenance of the people who otherwise would have perished of starvation in considerable numbers.

Furthermore, it must be acknowledged that in this question of the supply of foodstuffs, Germany has not fulfilled her offers of effective support until very recently. We are now beginning to move in the realm of concrete facts and within this field there is nothing I desire more than to hasten the negotiations as much as possible. With this end in view several days ago I sent to you information on our needs as to foodstuffs and in general economic and military fields. These data are open to new examination, clarification, verification, and discussion in order to reach quickly the solution which interests us both equally. However, you will understand that at a time when the Spanish people is suffering the greatest starvation and enduring all sorts of privations and sacrifices, it is not certainly propitious for me to ask further sacrifices of them if my appeal is not preceded by an alleviation of this situation, which at the same time may permit us to carry out beforehand an intelligent propaganda on the constant friendship and effective support of the German people, which will reawaken in the Spaniard the sentiments of sincere friendship and admiration which he has always had for your Nation.

My remarks about our climate were simply an answer to your suggestions, and were not in any way a pretext to postpone indefinitely that which at the right moment it will be our duty to do.

During the recent Bordighera conference I gave proof to the world of the nature of my resolute attitude; this conference also served as a call to the Spanish people marking the direction in which lie their national obligations and the preservation of their existence as a free nation.

One observation I must repeat to your Excellency; the closing of the Strait of Gibraltar is not

only a prerequisite for the immediate amelioration of the situation of Italy but also perhaps for the end of the war. However, in order that the closing of Gibraltar may have a decisive value it is also necessary that the Suez Canal be closed at the same time. If this last circumstance should not take place, we who are making the actual contribution of our military effort have the duty sincerely to say that the situation of Spain in the event of an inordinately prolonged war would then become extremely difficult.

You speak of our demands and you compare them with yours and those of Italy. I do not believe that one could describe the Spanish demands as excessive, still less, when one considers the tremendous sacrifice of the Spanish people in a battle which was a worthy forerunner of the present one. Concerning this point the necessary preciseness does not exist in our agreement as well. The protocol of Hendaye—permit me to express it—is in this respect extremely vague and Your Excellency remembers the conditions (today so changed) of this vagueness and lack of preciseness. The facts in their logical development have today left far behind the circumstances which in the month of October had to be taken into consideration with respect to the prevailing situation, and the protocol then existing must at the present be considered outmoded.

These are my answers, dear Führer, to your observations. I want to dispel with them all shadow of doubt and declare that I stand ready at your side, entirely and decidedly at your disposal, united in a common historical destiny, desertion from which would mean my suicide and that of the Cause which I have led and represent in Spain. I need no confirmation of my faith in the triumph of your Cause and I repeat that I shall always be a loyal follower of it.

Believe me your sincere friend, with my cordial greetings,

F. FRANCO

• No. 14

At the time in which the intention of the German Government to deliver to the Spanish Army in the shortest time possible arms, war equipment, and war material of modern quality and in sufficient quantity is to be realized, the Spanish Government, at the request of the Reich Government, declares that it is determined to resist every entry

by Anglo-American forces upon the Iberian Peninsula or upon Spanish territory outside of the Peninsula, that means, therefore, in the Mediterranean Sea, in the Atlantic and in Africa as well as in the Spanish Protectorate of Morocco, and to ward off such an entry with all the means at its disposal.

Both parties obligate themselves to keep this declaration, prepared in the German language and in the Spanish language absolutely secret.

MADRID, February 10, 1943

FOR THE GERMAN GOVERNMENT:

VON MOLTKE

FOR THE SPANISH GOVERNMENT:

GOMEZ JORDANA

• No. 15

Notes on conversation between General Franco and Ambassador Dieckhoff

BERLIN, December 15, 1943

The conference with the Spanish Chief of State, which took place on Friday, December 3, at the Pardo Palace, in the presence of the Foreign Minister, Count Jordana, and lasted somewhat over an hour, took the following course:

I explained to the Chief of State that I had now been in Madrid more than seven months and had attempted to secure for myself a picture of the Spanish foreign policy. I had the feeling, and the Reich Government was under the same impression, that the foreign policy of Spain was recently beginning to change. We observed in a number of spheres little of a positive attitude of the Spanish Government with respect to Germany and we had especially the feeling that this change in the Spanish attitude was to be traced to English and American pressure. I could only point with the greatest emphasis—and I was speaking on the order of my Government which was taking a very serious interest in these matters—to the fact that it would be a very dangerous policy for Spain to make concession after concession to the English and Americans; Spain would thereby find herself on the down-grade, and she would become more and more dependent upon the Anglo-Saxon powers. Only a completely firm and stable policy which made no concessions was proper and guaranteed that the English and Americans would per-

manently refrain from further pressures; it would be a fatal error if the Spanish Government believed that it could change its course with allegedly slight concessions; the Anglo-Saxons would seize not only the little finger but the hand and the whole arm and would draw Spain deeper and deeper into a relationship of dependency. I certainly could not believe that this was the intention of the Spanish Government for the Chief of State must certainly be clear about the fact that the policies of the English and of the Americans—as they always had been—were interested only in a weak Spain, in contrast to the German policy, which was always intent upon a strong national Spain. . . .

The Chief of State listened to me seriously and calmly and then stated the following: He would like to emphasize at once that there was no question of the Spanish foreign policy changing. He knew quite certainly that the German policy was pursuing the objective of strengthening Spain, while the English and American policies traditionally aimed at weakening Spain. Further, he knew for certain and was clearly conscious of the fact that only the victory of Germany would make possible the continued existence of the regime of Franco; a victory of the Anglo-Saxons, in spite of all the pacifying declarations which would be made to him from time to time in this respect by the English and American side, would mean his own annihilation. He therefore was hoping with all his heart for the victory of Germany and he had only one wish that this victory would come as soon as possible.

. . . The Anglo-Saxons had presented no ultimatum with regard to the withdrawal of the Blue Division, but he had to expect that they sooner or later would present an ultimatum for the withdrawal, whereby the Spanish Government would then find itself in a very difficult position; for this reason he had preferred to anticipate such an ultimatum and to request of the Reich Government the withdrawal of the Division. . . . As concerned the Italian ships in Spanish harbors, the Caudillo emphasized that the warships were interned and would remain interned; the crews of the warships would be transported into Spanish camps. As concerned the merchant ships, the legal question was very unclear. In two cases they had not been able to avoid

letting the ships put to sea upon the request of Ambassador Badoglio. . . .

In summarizing, the Caudillo said that he believed that this cautious policy of Spain was not only in the interest of Spain, but also in the interest of Germany. If because of a newspaper article or for any other of the reasons mentioned above, a serious conflict with the Anglo-Saxon powers should result, this would in his opinion not at the present moment be desirable for Germany as well; a neutral Spain which was furnishing Germany with wolfram and other products was, in his opinion, more valuable for Germany at the present than a Spain which would be drawn into the war. Of course Spain would not go beyond the comparatively trivial concessions mentioned above. . . .

DIECKHOFF

Postponement of Conference at Rio de Janeiro

At a meeting of the Governing Board of the Pan American Union on March 6, it was unanimously decided to consult the American republics regarding the postponement of the proposed special conference of American republics for the maintenance of continental peace and solidarity, which was originally scheduled to be held at Rio de Janeiro between March 15 and April 15. This resolution was proposed by the Uruguayan delegate, Mateo Marques Castro. The resolution of the Cuban delegate, Guillermo Belt, was adopted to the effect that a new date be fixed by Brazil, the host Government, in case the proposed postponement is accepted.

Resignation of Adlai Stevenson

[Released to the press March 6]

The Department of State released to the press on March 6 the text of a letter from the Secretary of State accepting the resignation of Adlai Stevenson as Senior Adviser to the United States Delegation to the General Assembly and Acting United States Delegate to the Preparatory Commission of the United Nations. For texts of Mr. Stevenson's letter and Mr. Byrnes' reply, see press release 161.

Promotion of Child Welfare in the American Republics

Article by ELIZABETH SHIRLEY ENOCHS

SINCE 1941 the organization chart of the Children's Bureau has included a special unit known as the Inter-American Cooperation Unit, through which a special staff of medical, nursing, nutrition, and social-service consultants gives advisory service, on request, to official maternal- and child-welfare agencies of the other American republics and which directs programs of study, observation, or in-service training for specialists in these fields who are brought to the United States from the countries to the south of us.

The association of the Children's Bureau and agencies of our sister republics had its genesis many years ago. At least as early as 1916 Julia C. Lathrop, the Bureau's first chief, made efforts to secure the representation of the United States at the First Pan American Child Congress, organized by a group of women physicians and social workers in Buenos Aires. Consultation service was given to many specialists from the southern republics who visited the Bureau headquarters in Washington. Miss Lathrop and her successor, Grace Abbott, conferred with many such specialists in Geneva in connection with the work of the Social Questions Section of the League of Nations. Correspondence and exchange of literature developed through the years, and attendance at the various Pan Ameri-

can Child Congresses furnished rare opportunity for cooperative planning for the children of the Western Hemisphere.

In 1928 the United States gave its formal adherence to the American International Institute for the Protection of Childhood, the official Pan-American child-welfare agency which had been established the previous year in Montevideo as the result of formal recommendations of various Pan American Child Congresses. Miss Katharine F. Lenroot, present Chief of the Children's Bureau of the Department of Labor, was appointed by the Department of State as the official representative of this country on the International Council of the Institute and has continued to serve in this capacity.

In 1937 the Children's Bureau of Brazil sent an official representative to Washington for several months to make a thorough study of the organization and functions of the Children's Bureau of the United States. In 1938 Miss Lenroot was honored by an invitation from the Government of Venezuela to attend the First Venezuelan Child Congress in Caracas as its special guest.

These are but a few examples of the type of cooperation carried on in the past, which provided a basis for the more formal program now directed by the Inter-American Cooperation Unit.

This formal program has its legal basis in two special acts of Congress, namely: Public Law 63, approved May 25, 1938 and amended May 3, 1939

The Interdepartmental Committee on Scientific and Cultural Cooperation was created, at the suggestion of the President, early in 1938 as an instrument of the United States Government to undertake a permanent, cooperative program for the development of economic, cultural, and scientific relations and to coordinate the activities of departments and agencies of the Government, under the leadership of the Department of State, in undertaking cooperative projects in these fields in the Western Hemisphere. Until December 20, 1944, the Committee was known as the Interdepartmental Committee on Cooperation With the American Republics. The activities of the Committee are coordinated by the chairman of the Committee, the Assistant Secretary of State in charge of public and cultural relations, William Benton. The vice chairman of the Committee is the Director of the Office of International Information and Cultural Affairs, William T. Stone, and the Executive Director is Raymund L. Zwemer. The Executive Director and members of the Secretariat are officers of the Department of State in the Office of International Information and Cultural Affairs.

Mrs. Enoch, Director, Inter-American Cooperation Unit, Children's Bureau, Department of Labor, is an alternate member of the Interdepartmental Committee on Scientific and Cultural Cooperation.

(76th Cong.; 53 Stat. 652), authorizing the temporary detail of especially qualified United States employees on request to governments of the American republics, the Philippines, and Liberia, with all or part of the expenses being paid by the country desiring assistance;¹ and Public Law 355 (76th Cong.; 53 Stat. 1290), which authorizes the President to utilize the services of the departments, agencies, and independent establishments of the Government in carrying out the reciprocal undertakings and cooperative purposes enunciated in the treaties, resolutions, declarations, and recommendations signed by all of the 21 American republics at certain inter-American conferences.

As a result of this legislation an interdepartmental committee was organized to operate under the auspices of the Department of State. This committee is now known as the Interdepartmental Committee on Scientific and Cultural Cooperation and is composed of representatives of 26 Government departments and agencies. At the request of Congress the Department of State presents the budget estimates for the inter-American projects of all these agencies. The funds are then allocated to the various agencies by the Department of State from its appropriation.

Late in 1941 a congressional committee toured South and Central America on an official trip of examination of Federal activities, and on their return they reported as follows to the chairman of the Appropriations Committee of the House of Representatives:

"The various projects that are being carried on, at a relatively modest cost, by representatives of numerous agencies of our Government may be regarded, generally, as efficacious and productive of results: For example, the Coast and Geodetic Survey is assisting certain governments in setting up technical and administrative machinery for prediction of tides, and for gravity surveys. The Children's Bureau is giving counsel in the matter of the progress that has been made in this country in the field of maternal and child health. . . . Groups of students and professors are being exchanged. . . ."

The words *at a relatively modest cost* might have been written with the Children's Bureau in mind, for the first allocation of funds from the Department of State for this Bureau totaled \$7,500. Since an official request had been received

from the National Children's Agency of Brazil for consultation in connection with plans for the development of services for mothers and children in some of the States of that country, a pediatrician and a social worker were assigned to Rio de Janeiro to carry out the first cooperative project. This year finds the Children's Bureau again cooperating with its sister agency in Brazil through the assignment of a child-welfare worker, part of whose salary is being paid by the Brazilian Government under the provisions of Public Law 63.

The years since 1941 have found the staff of the Inter-American Unit cooperating with the Ministry of Health in Paraguay in the development of plans for a Department of the Child in that Ministry and in training professional staff for maternal- and child-health work; with the Ministry of Labor, Health and Social Welfare of Colombia in studying the needs of dependent and delinquent children in that country; with the Ministry of Labor, Health and Social Welfare of Bolivia in revising the Children's Code; and with the staff of the American International Institute for the Protection of Childhood, in Montevideo, in developing plans for advisory service in the field of social welfare. The interest of the American republics in training a professional staff for children's services has led to the assignment of several members of the Unit to cooperate in establishing or strengthening schools of social work or to cooperate in the training of nurses for maternal- and child-health agencies. During the year 1944 a pediatrician, a public-health nurse, a social worker, and a nutrition consultant were assigned to special cooperative projects in Peru. Cooperative undertakings are also under way in Ecuador, in connection with the establishment of a school of social work under official auspices, and in the Dominican Republic, where great progress is being made in the development of maternal- and child-health services.

In 1942 the Children's Bureau invited five specialists to the United States for brief periods of study and observation. In 1945 a group of eight fellows was invited for special training in maternal and child health and child welfare. All members of this group were on the staff of official agen-

¹ For an article entitled "Detail of U.S. Personnel to Other Governments" by Henry H. McGeorge, see BULLETIN of Jan. 20, 1946, p. 72.

cies in Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Nicaragua, Paraguay, Peru, and Venezuela.

The Appropriations Committee has stated its conviction that "the cooperative purposes enunciated in the treaties, resolutions, declarations, and recommendations unanimously adopted at the Buenos Aires and Lima Conferences, on which this program is based, are of a very worthy and lasting nature and should be continued and in time expanded". It has likewise warned that "We must not make a one-way road out of the program", since "It is equally as important that we acquaint ourselves with the life, government, traditions, culture, and thought of our Latin American friends as it is for us to provide facilities for them to become acquainted with ours".

The State Department reports that during the fiscal year 1944 the governments in the other American republics contributed over a million

dollars more to this program of the various cooperating Federal agencies than did the United States. However, the results of such a program cannot be measured alone in dollars and cents. The members of the staff of the Inter-American Unit who have been cooperating with the other American republics since 1941 have brought back to the Bureau a wealth of information and experience which is invaluable. On the other hand, one of the Bureau's Latin guests has expressed his opinion of the Bureau's program in the following unduly generous terms:

"In this hour of world organization, I have more faith in the Children's Bureau and its international work for the benefit of the child in all places, than in Dumbarton Oaks or San Francisco. After all, the latter, in fact, depends upon a human factor, while the Children's Bureau works on the human factor itself, from its early roots, from its first hours of life."

POTTER—Continued from page 407.

through agreement on the rules under which state-trading organizations shall operate, to provide a basis on which countries employing state-trading organizations can carry on an expanding trade with countries in which trade is carried on mainly by private enterprise.

For example, the rules might state that the channeling of purchases from a source chosen for political rather than economic reasons, whether in connection with quotas or with state-trading organizations, may distort or restrict the flow of trade and would, therefore, be prohibited. Purchase of goods by an import monopoly for resale in the domestic market at a price higher than the landed cost is equivalent to the imposition of a tariff, and such differences would, therefore, be subjected to the same treatment as tariffs. That is, protective margins employed by state-trading monopolies would be regarded as eligible for binding or reduction, like tariffs, and an agreed level of tariff protection might not be increased by subsequently establishing state monopolies to resell the commodity at an increased differential above world prices.

Finally, since the Proposals are aimed at the expansion of foreign trade, it is provided that state-trading countries or organizations should undertake to purchase minimum amounts of goods annually, subject to periodic adjustment in consultation with the International Trade Organization.

Conclusion

These sections of the Proposals, dealing with trade barriers, like other sections which are to be discussed in other articles in this series, represent a carefully prepared draft for consideration by a conference of many nations. During the months to come, other countries will be expressing their views on these Proposals; and the final charter or agreement, when concluded, will represent the combined views of all participating nations. Nevertheless, it can be said now that if the substance of the Proposals is in the main adhered to by the world's great trading nations, a great advance toward the expansion of trade will have been made.

International Organizations and Conferences

Calendar of Meetings

Council of Foreign Ministers: Meeting of Deputies	London	January 18 (continuing in session)
Anglo-American Committee of Inquiry	Jerusalem	Left Cairo on March 5 (continuing in session)
Far Eastern Commission	Washington	February 26 (continuing in session)
West Indian Conference	St. Thomas, Virgin Islands (U. S.)	February 21 (continuing in session)
North Atlantic Route Service Conference	Dublin	March 4 (continuing in session)
Ninth International Conference of the International Bureau of Education	Geneva	March 4 (continuing in session)
International Monetary Fund and the International Bank for Reconstruction and Development: Boards of Governors	Wilmington Island, Ga.	March 8 (continuing in session)
Fourth Session of the UNRRA Council	Atlantic City	March 15
Preliminary Meeting of Conference on an International Health Organization	Paris	March 15
The United Nations:		
Security Council	New York	March 25
Security Council—Committee of Experts	London	March 15
Refugee Committee	London	March 31

The dates in the calendar are as of Mar. 10.

Activities and Developments

The Far Eastern Commission at its weekly meeting on March 6 made substantial progress toward the establishment of committees and the allotment to the committees of its work.

The Commission agreed to the following procedure on press relations:

"The Secretary General is authorized to prepare formal statements on behalf of the Commission for issuance to the press. The last item on each agenda of Commission meetings will be 'press release' at which time the Commission may issue particular instructions to the Secretary General with respect to the release for that meeting. The releases will be given the press through the United States Department of State Press Room which has contact with all interested agencies. This authorization is for official releases only and

does not limit in any way the freedom of members to make such statements to the press individually as they in their judgment may care to make."

Henceforth, the Russian, Chinese, and French languages will be recognized, equally with English, as official languages for verbal statements at sessions of the Commission and of its committees, and for Commission documentation. This will, of course, make necessary the services of interpreters and translators, and such personnel will be supplied by the appropriate delegation to assist the secretariat staff in its work.

The Far Eastern Commission held its third meeting on Thursday, March 14.

The North Atlantic Route Service Conference, which is being held under the auspices of the Provi-

sional International Civil Aviation Organization (PICAO), opened in Dublin on March 4. Representatives were present from Belgium, Canada, Denmark, France, Iceland, Ireland, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The Conference is working on the application in the North Atlantic area of the "International Standards and Recommended Practices" which have been approved by the Interim Council of PICAO in the fields of: (1) aviation communications, (2) rules of the air and air-traffic control, (3) landing areas and ground aids, (4) search and rescue, and (5) meteorological protection of international aeronautics. Specific airline operating instructions will be formulated in the form of manuals to supplement PICAO standards. The Conference will also plan for the operation of the air-navigation facilities necessary for North Atlantic air services.

The Dublin conference is the first of ten regional meetings throughout the world which will activate regional route service organizations.

Report on UNESCO. The Constitution of the United Nations Educational, Scientific and Cultural Organization was drawn up at London at the conference held November 1-16, 1945. The Organization will come into existence when 20 nations have accepted the Constitution. The only acceptance so far reported is by the United Kingdom. There is no basis as yet for forecasting the date of the first meeting of the general conference on UNESCO. Progress of UNESCO at the present time is chiefly a matter of spadework in studying and planning.

A Preparatory Commission has been established, consisting of a representative of each nation which signed the Final Act, with an Executive Committee of 15 states. Miss Ellen Wilkinson, Minister of Education, United Kingdom, is Chairman of the Preparatory Commission. Dr. Esther C. Brunauer, of the Division of International Organization Affairs, Department of State, has been appointed as American representative on the Preparatory Commission, with the personal rank of Minister. Following the death of Grayson N. Kefauver, who had previously been appointed American representative, this country was represented temporarily by Donald Stone, Assistant Director of the Bureau of the Budget.

The Preparatory Commission held a short business session on January 18. Its next meeting was held February 11-13. The Preparatory Commission adopted a resolution expressing hope that governments would take steps as soon as possible to accept the Constitution; considered relations with UNRRA and international organizations interested in educational and cultural relief; appointed committees to study the program of UNESCO as follows: (A) Humanities and Sciences; (B) Education; (C) Mass Media; (D) Organization of UNESCO. Problems of relationships with UNO and other international bodies were referred to the Executive Committee for study. The committees and the Executive Committee will prepare recommendations for consideration by the Commission.

The Preparatory Commission is served by a secretariat, of which Julian Huxley (U.K.) is Executive Secretary, succeeding Sir Alfred Zimmern, who has resigned because of illness. Howard E. Wilson (U.S.A.) is a member of the secretariat.

A technical subcommittee is studying the needs of liberated countries for assistance in restoring their educational facilities. Information received will be transmitted to governments and private organizations and individuals wishing to assist. The subcommittee is conferring with UNRRA concerning the use of UNRRA's administrative facilities in the transportation of supplies which may be contributed.

A joint resolution authorizing United States membership in UNESCO was introduced in the House (H. J. Res. 305) and in the Senate (S. J. Res. 135) and referred to the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations (introduced: Jan. 28, 1946).

The Department of State is studying the problems of UNESCO's organization and work program, as also is the Interdepartmental Committee on Scientific and Cultural Cooperation representing other government agencies. The Department has sought the advice of experts in various fields (e.g. education, natural and physical sciences, social sciences, libraries, the humanities, the arts, radio, press, and films) through individual and group conferences, and public meetings and correspondence. Suggestions received by the Department are transmitted to the Preparatory Commission for consideration.

Typical of the questions which are being studied are:

How can UNESCO facilitate direct contacts and visits among persons of different countries?

How can UNESCO provide guidance for the reconstruction of educational, social, and cultural institutions as a support for the establishment of stable economic and social conditions?

How can UNESCO assist in the development of qualified personnel for the furthering of international understanding?

How can UNESCO assist in finding and integrating common factors in the basic outlook of the different cultures in the world?

How can UNESCO cooperate with the mass media (press, films, radio) of all countries in promoting international understanding?

By what arrangements can individuals and groups throughout the United States most effectively cooperate with UNESCO in its program and in achieving its basic purpose?

How does UNESCO's function tie in with the many national programs of overseas information and educational, scientific, and cultural exchange?

International Monetary Fund and the International Bank for Reconstruction and Development¹

United States Delegation

United States Governor of the Fund and the Bank

Fred M. Vinson, Secretary of the Treasury

Alternate

William L. Clayton, Assistant Secretary of State

Executive Director of the Fund

Harry D. White, Assistant Secretary of the Treasury

Executive Director of the Bank

Emilio G. Collado, Deputy on Financial Affairs to the Assistant Secretary for Economic Affairs and Director of the Office of Financial and Development Policy, Department of State

Special Congressional Advisers

Robert F. Wagner, United States Senate, Chairman, Committee on Banking and Currency

Charles W. Tobey, United States Senate, Member, Committee on Banking and Currency

Brent Spence, House of Representatives, Chairman, Committee on Banking and Currency

Jesse P. Wolcott, House of Representatives, Member, Committee on Banking and Currency

Members of the National Advisory Council

Henry A. Wallace, Secretary of Commerce

Marriner S. Eccles, Chairman, Board of Governors of the Federal Reserve System

William McChesney Martin, Jr., Chairman, Board of Governors, Export-Import Bank

Secretary of the Delegation

Frank Coe, Director, Division of Monetary Research, Department of the Treasury

Technical Advisers

Edward M. Bernstein, Assistant Director, Division of Monetary Research, Department of the Treasury

Walter Gardner, Chief, International Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System

J. Burke Knapp, Special Assistant to the Chairman on International Finance, Board of Governors of the Federal Reserve System

Walter C. Louchheim, Jr., Adviser on Foreign Investments, Securities and Exchange Commission

George F. Luthringer, Chief, Division of Financial Affairs, Department of State

Ansel F. Luxford, Assistant to the Secretary of the Treasury

August Maffry, Economic Adviser, Export-Import Bank

James L. McCamy, Director, Office of World Trade Policy, Office of International Trade Operations, Department of Commerce

Herbert W. Parisius, Deputy Director, Office of World Trade Policy, Office of International Trade Operations, Department of Commerce

Arthur Paul, Assistant to the Secretary of Commerce

John W. Pehle, Assistant to the Secretary of the Treasury

John Parke Young, Adviser, Office of Financial and Development Policy and Division of Investment and Economic Development, Department of State

Press Relations Officers

J. H. Randolph Feltus, Assistant to the Secretary of the Treasury

Charles P. Shaeffer, Director of Public Relations, Department of the Treasury

International Secretariat

In accordance with the terms of the Bretton Woods Agreements, this Government will be host to the meeting, which entails responsibility for organization. The President has accordingly requested the Honorable Fred M. Vinson, Secretary of the Treasury and United States Governor of the Fund and the Bank, to serve as temporary chairman of the inaugural meeting.

¹ Released to the press Mar. 4. For a list of the states members of the Fund and of the Bank, as well as a list of the countries invited to have observers in attendance, see the Department of State BULLETIN of Feb. 10, 1946, p. 219.

Presidential approval has also been given to the designation of the following officers of the International Secretariat of the meeting:

Secretary-General

Warren Kelchner, Chief, Division of International Conferences, Department of State

Temporary Secretary of the Fund

Roman L. Horne, Assistant to the Assistant Secretary of the Treasury

Temporary Secretary of the Bank

John S. Hooker, Deputy Director of the Office of Financial and Development Policy, Department of State

Secretaries and Assistant Secretaries of Committees

Elting Arnold, Department of the Treasury

Alice Bourneuf, Federal Reserve Board

R. B. Brenner, Department of the Treasury

David Delman, United States Senate Banking and Currency Committee

J. E. DuBois, Jr., Department of the Treasury

John Ferguson, Department of State

Wilbur R. Lester, Department of the Treasury

Raymond F. Mikesell, Department of the Treasury

Norman T. Ness, Export-Import Bank

Phillip T. Thorsen, Department of the Treasury

Max J. Wasserman, Department of Commerce

Gordon Williams, Department of State

Walter H. Windsor, Department of the Treasury

Chief Press Relations Officer

Lincoln White, Executive Assistant, Office of the Special Assistant to the Secretary of State

Press Relations Officer

Harold R. Beckley, Superintendent, United States Senate Press Gallery

Protocol Officer

H. Charles Spruks, Division of Protocol, Department of State

Liaison with Technical Officers

Ivan White, Foreign Service Officer, Department of State

Special Assistant to the Secretary-General

W. Clyde Dunn, Division of Middle Eastern Affairs, Department of State

Richard S. Wheeler, Division of International Conferences, Department of State

Administrative Officer

Millard L. Kenestruck, Division of International Conferences, Department of State

Assistant Administrative Officer

Harold G. Kissick, Division of International Conferences, Department of State

Liaison Officer for Coast Guard Relations

Commander Carl A. Bowman, United States Coast Guard

Record of the Week

U. S. Position on Soviet Troops in Iran

NOTE SENT TO SOVIET GOVERNMENT

[Released to the press March 7]

Text of note delivered by the American Chargé d'Affaires, George F. Kennan, upon the instruction of Secretary of State James F. Byrnes, to the Soviet Government at Moscow, March 6, 1946

I have the honor to inform your Excellency that I have been instructed by my Government to deliver to the Government of the Soviet Union the following message:

"The Government of the United States has been informed that the Government of the Soviet Union has decided to retain Soviet troops in Iran after March 2, 1946, that this decision was taken without the consent of the Iranian Government, and that Soviet troops continue to remain on Iranian territory in spite of the protests of the Iranian Government.

"It will be recalled that in reply to a note addressed on November 24, 1945 by the Government of the United States to the Government of the Soviet Union suggesting the immediate withdrawal of all foreign troops from Iran, the Soviet Government on November 29 stated that the period of the stationing of Soviet troops in Iran was governed by the Anglo-Soviet-Iranian Treaty of January 29, 1942.¹ The Government of the United States understood from this statement that it was the intention of the Government of the Soviet Union that all Soviet troops would be withdrawn from Iran not later than March 2, 1946, six months after the date of the signing of the instrument of surrender with Japan on September 2, 1945. This understanding was based upon Article Five of the Tripartite Treaty referred to above which states:

"The forces of the Allied Powers shall be withdrawn from Iranian territory not later than six

months after all hostilities between the Allied Powers and Germany and her associates have been suspended by the conclusion of an armistice or armistices, or on the conclusion of peace between them, whichever date is the earlier."

"So far as the Government of the United States is aware, this commitment was not questioned at the recent meeting of the Security Council in London which agreed that the Soviet Union and Iran should seek a solution of their differences by direct negotiation.

"The decision of the Soviet Government to retain Soviet troops in Iran beyond the period stipulated by the Tripartite Treaty has created a situation with regard to which the Government of the United States, as a member of the United Nations and as a party to the Declaration Regarding Iran dated December 1, 1943, can not remain indifferent. That Declaration announced to the world that the Governments of the United States, the Union of Soviet Socialist Republics and the United Kingdom were 'at one with the Government of Iran in their desire for the maintenance of the independence, sovereignty and territorial integrity of Iran'. In the opinion of the Government of the United States, the maintenance of troops in Iranian territory by any one of the three signatories to that Declaration, without the consent and against the wishes of the Government of Iran, is contrary to the assurances contained in that Declaration. Furthermore it was generally accepted during the various discussions which took place at the meeting of the Security Council in London that the retention by a member of the

¹ BULLETIN of Dec. 9, 1945, p. 934; for U. S. note to Soviet Government, see BULLETIN of Dec. 2, 1945, p. 884.

United Nations of its troops in the territory of a country which is also a member of the United Nations, without the consent of the Government of that country, is not in accordance with the principles of the United Nations and that the withdrawal of such troops should not be made contingent upon other issues.

"The Government of the United States, in the spirit of the friendly association which developed between the United States and the Soviet Union in the successful effort against the common enemy and as a fellow member of the United Nations, expresses the earnest hope that the Government of the Soviet Union will do its part, by withdrawing

immediately all Soviet forces from the territory of Iran, to promote the international confidence which is necessary for peaceful progress among the peoples of all nations.

"The Government of the United States trusts that the Government of the Soviet Union, no less than itself, appreciates the heavy responsibility resting upon the great powers under the Charter to observe their obligations and to respect the sovereign rights of other states.

"The Government of the United States requests that it be promptly advised of the decision of the Government of the Soviet Union which it hopes will be in accord with the views herein expressed."

Financial Agreement With the United Kingdom

RESOLUTION FROM ADVISORY BOARD OF OFFICE OF WAR MOBILIZATION AND RECONVERSION

[Released to the press by the White House March 4]

Text of resolution received by the President from the Advisory Board of the Office of War Mobilization and Reconversion

Resolved: That the Advisory Board of the Office of War Mobilization and Reconversion endorses the financial agreement with Britain, which calls for removal of barriers to trade between this country and the British Empire. The Advisory Board sees in the British agreement a major opportunity, through expanded world trade, to stimulate the world-wide production, jobs and markets which are essential to stable and prosperous post-war economic conditions and, thus, to world peace itself.

This resolution was signed by the following members:

Public—O. Max Gardner, Undersecretary of Treasury, *Chairman*

Chester C. Davis, President, Federal Reserve Bank of St. Louis

Mrs. Anna M. Rosenberg, Chairman, New York City Veterans Service Committee

Agriculture—Edward A. O'Neal, President, American Farm Bureau Federation

James G. Patton, President, National Farmers Union

Industry—Nathaniel Dyke, Jr., Assistant to the Chairman, Federal Deposit Insurance Corporation

Eric A. Johnston, President, United States Chamber of Commerce, President, Motion Picture Association of America

George H. Mead, President, the Mead Corporation (Paper), Dayton, Ohio

Labor—T. C. Cashen, President, International Railway Switchmen's Union of North America

William Green, President, American Federation of Labor

Philip Murray, President, C. I. O.

Statement made by the President upon receiving the resolution, which was transmitted by John W. Snyder, Director of War Mobilization and Reconversion

I am delighted to know that this policy has the approval of the Board.

Before the war, the British people were the largest single foreign customer for American goods. They bought our surplus cotton and wheat, tobacco and fruits, and our manufactured products in huge quantities.

During the war, Britain because of lack of

dollars was forced to restrict trade mainly to the Empire and to countries tied to the pound sterling. Now that the war is over, we want to do business with Britain and Britain wants to do business with us. With this loan Britain will be able and has agreed to abolish barriers that block our mutual trade.

This agreement is good business—good business for the industries of America, good business for our farmers, and good business for our workers.

U. S.—U. K. Financial Agreement

STATEMENT BY ASSISTANT SECRETARY CLAYTON

MR. CHAIRMAN: I welcome this opportunity to appear before your Committee to discuss the financial agreement with Great Britain in terms of the trade and commerce of the United States as well as our long-range commercial policy and in terms of its implications for world peace.

To understand the purpose of the agreement, it is necessary to review briefly some facts of recent economic history.

I start with 1937, because of the 1930's it was perhaps the most nearly normal and prosperous year.

In 1937, then, the people of the United Kingdom purchased from the rest of the world and imported into Great Britain, in round figures, five billion dollars worth of goods.

Two billions of the five was food: grain and flour, meat, dairy products, fruit and vegetables, coffee, tea, and cocoa, and so on. These imports were a very important part of the food supply of the British people. Without them Great Britain could not have fed her existing population.

One and one-half billions of the five was raw materials: ores, timber, cotton, wool, oil seeds, petroleum, hides and skins, and so on. These imports were the major raw materials of British industry except for coal, limestone, and clays, which of course are produced in Britain. Without these imports, Great Britain could not have furnished either employment for her existing population or manufactured goods for their consumption.

The balance of the imports, classed as manufactured goods, included many items which for Brit-

Foreign trade is vitally necessary to an expanding American economy. Our system cannot survive in a contracting economy. The British loan agreement is an important step in rebuilding foreign trade and in creating jobs in America.

The alternative to the British loan is trade warfare between nations. Peace can be built only on a foundation of world economic cooperation and stability. The British loan is a cornerstone in the world's structure of peace.

ain were the materials of industry and transport: namely, metals, gasoline and lubricating oils, and paper. It also included some machinery and some final manufactured products for consumption.

In summary, it is clear that the five billion dollars worth of imports meant the difference between life and death or emigration for a large part of the British people.

British requirements for foreign raw materials now are at least as great as they were in 1937. For a time they will certainly be greater, because both industrial machinery and consumers' stocks of all kinds have been drawn down, worn out, and damaged by the bombing. Absolute requirements for imported food are down somewhat, because domestic food production has increased. Housing requirements are enormous, and the timber for them has to come mainly from overseas, largely from Norway, Sweden, and Canada. And the reconstruction of war damage to industry and transport will require some equipment and machinery from overseas, especially from the United States. The total British need for foreign goods over the next few years is certainly larger than the actual imports of 1937.

To pay for these imports, over the next few years, the British people have much smaller foreign income and resources than they had before the war. All the sources of their foreign income are reduced, and substantially reduced, and so are the foreign balances on which they used to draw from time to time to make up small deficiencies in in-

Made before the Senate Committee on Banking and Currency on Mar. 6 and released to the press on the same date.

come. Unless something drastic is done the people of Great Britain will not have for several years anything like the funds to buy the foreign goods they need, or what they bought before the war.

It is important that we understand quite clearly what this means.

First, what does it mean in terms of direct trade, to the British themselves, to the world at large, and to us?

What it means to the British is perhaps of greater importance to them than to us, but I think we cannot be wholly indifferent to it either. It means tighter belts than even during the war years, not only during the present and temporary period of world-wide shortage of physical goods, but after that until British exports are restored to the point where they will pay for needed imports.

To the world at large an enforced sharp reduction of British purchases abroad would mean that the world's largest customer for food and raw materials had sharply cut his orders.

Perhaps in the present state of general shortage of goods that does not sound serious. But what is it the world is short of? Not raw cotton nor raw wool nor tobacco. These are in normal times three of the large British imports. They are all in surplus now.

I think all producers of raw materials and of farm products remember what became of shortages a few years after World War I. At a certain point shortages became surpluses, and prices declined suddenly and sharply. We are going to try hard to avoid that this time. To force a sharp reduction in the orders of the world's best customer for raw materials is not a good way to begin.

It is useful to know the magnitudes that we are dealing with. In 1937 the United Kingdom bought from the United States 500 million dollars worth of goods. That included 16 million dollars of pork products and lard, 5½ millions of canned salmon, 7 millions of wheat and 5 of barley, 18 millions of apples, raisins, peaches, and pears, 87 millions of tobacco, 92 millions of cotton, 37 millions of petroleum products, 14 millions of refined copper, 19 millions of metal working machinery, 16 millions of automobiles and tractors, and many other items.

It would not be pleasant to contemplate a reduction by three-fifths in those orders, say in the year 1948. But if Britain were able to buy from

us only as much as we bought in the same year from Britain, that is what we would be faced with. In 1937, which for us was quite a prosperous year, we bought from the United Kingdom 200 million dollars worth of goods in all, against the 500 millions that they bought from us.

I have talked about the direct effects on trade of the cut in British orders that will be forced by the existing temporary shortage of British foreign income, unless emergency credit is extended. Even more important is the increase of trade *restrictions* and discriminations that would accompany the cut.

You will remember that the fundamental trouble is the general shortage of foreign money owned and earned by people in Great Britain. But we must also bear in mind that from the point of view of Britain there are many kinds of foreign money, and that some of them are much easier than others for British owners to acquire.

The people of the Argentine, for instance, are likely in the normal course to buy large quantities of British textiles and machinery and all kinds of manufactured goods. That would make Argentine pesos plentiful to Britain, although she might have no dollars.

Under the circumstances, Britain would be forced to buy in the country where she could pay, regardless of cost.

That is what American producers looking for foreign markets are up against today throughout the sterling area. The sterling area consists of all the British countries except Canada and Newfoundland, and includes also Egypt, Iceland, and Iraq. The countries in it carry on about one third of all the foreign trade there is. British pounds and other sterling-area currencies are "easy" in each country in the area, because trade or credit has made such currencies available. But dollars are "hard" throughout the area, because demands are greater than supplies and credit has not been extended. By government decree, therefore, throughout the sterling area, dollars are rationed, and people making purchases abroad must buy for sterling if they can. American suppliers can make sales only if their customers can get official licenses, and licenses will not be granted if the same goods can be bought without the use of dollars, even at a higher price.

The shortage of foreign money in great Britain means therefore, to put it bluntly, not only reduc-

tions in British purchases abroad but *discriminatory* cuts, by government decree, against those countries whose currencies are scarcest in Great Britain, and in favor of countries whose currencies are easier to come by. This is not because the British Government wishes to discriminate against Americans. It is simply because she is compelled to buy from countries which will take British goods in payment.

It is important to point out that the discrimination against us that results is not only in the British market but in the markets of third countries.

Let us say that some third country, India or the Argentine, for instance, has extended a credit to Great Britain to finance the sale of its products in the British market. Let us say that the trade in the opposite direction turns out not to be large enough to liquidate the credit promptly. It can be paid in the long run only in goods and services. To make surer of collection, therefore, the Indian or Argentine Government, in its own financial interest, will require its people to "buy British" all they can, and will enforce it by a system of exchange control or by the licensing of imports. American exporters and ship-owners will soon find, in all these markets, that their customers are not at liberty to deal with them in any case where the same thing can be bought for sterling.

This is again what American exporters are up against today throughout the sterling area. It will continue and get worse as long as shortages of dollar income and resources in Great Britain force that policy on the British Government.

During the war we recognized that the sterling-area controls insured, in principle, the application of all the dollar resources of the area to the most essential wartime uses. They contributed to the prosecution of the war, and they reduced the total burden on lend-lease. But now the war is over, and we are trying to set up the rules under which peacetime trade around the world is to be operated. The most important single rule, from the point of view both of commerce and of international good-will, is the rule of non-discrimination. We cannot, I think, contemplate in peacetime the perpetuation of a system that discriminates against the trade of the United States in the richest markets of the world.

Charles Evans Hughes said, when he was Secretary of State, in a letter to Senator Borah: "We

must have either a system of discrimination or a method of securing immunity from discrimination."

That is exactly what we are up against today, and we have the same choice that Mr. Hughes spoke of 20 years ago, only more acutely. A powerful system of discrimination against American trade exists. It is not liked by the people who operate it, because it prevents them from buying in the best markets. But their hands are largely tied by their financial weakness, and unless something is done to alleviate that situation the system will continue. We can either accept it, or fight it, or make it possible to stop it.

I don't think we can accept the perpetuation of this system lying down. Our goods are being excluded from markets once open to them and which should be open to them again. Our real choice is to put up a fight or to work out an agreement to stop the system.

If we decided on a fight we could start out to set up our own dollar area, with its own system of preferences, bilateral deals, and exchange discriminations. We and the sterling area could start putting competing pressure on countries to adhere to our respective blocs. Since we both trade in every part of the world we should be in controversy everywhere. I don't know how much the United States would spend and lose in such a fight, but it would clearly be far more than the investment we now propose to make in order to avoid it.

Please do not misunderstand me. The United States is commercially the most powerful country in the world, and if an economic dogfight between governments is what we are in for I am sure we can do more damage than we suffer. The point is that that kind of a dogfight makes no economic sense whatever. Neither we nor the British can get prosperous by unfair competition against each other for shares of a wholly inadequate world trade. We are after all the two largest single factors in the trade of most third countries, as well as of each other, and if we are in constant controversy with each other no part of world trade is going to expand. The only way we can get forward, either of us, is to work together with each other and with all like-minded countries to expand trade and prosperity all around the circle. That is what the financial agreement that is now before you is intended to make possible.

I will not review again the technical features of the financial agreement which Judge Vinson has already described. What it comes down to, commercially, is that by the credit we make it financially possible for Great Britain to remove the discriminations which now operate against American trade in all the markets of the sterling area, and the British Government agrees to remove them. In addition, if the credit goes through, we are assured of British participation in the International Monetary Fund and the International Bank for Reconstruction and Development, and of British support for the proposed International Trade Organization. The approval of the financial agreement by the Congress will mean that the two largest trading countries have decided not to get into an economic war, but to work together on a platform which is beneficial to them both, and to every other country in the world. Approval of the agreement by the Congress will lay the basis for the only kind of prosperity that has a chance of lasting—prosperity based on real international cooperation.

These are the economic stakes involved in the decision on the financial agreement. The political stakes are even more important.

The most urgent single political objective of the

United States is world peace. That depends on the success of the United Nations.

The Security Council of the United Nations consists of eleven members. Five of these are permanent members by virtue of the Charter. Two of those five are the United States and Great Britain.

The United Nations cannot succeed unless the members of the Security Council adjust their various differences and work together for the common interest. That applies to all the members, and that includes Great Britain and ourselves. It is a fair estimate that two thirds to three quarters of the trade of the post-war world will be done in pounds and dollars. Now, if Britain and the United States are so foolish as to get into the kind of economic dogfight that I spoke of a few minutes ago, how much chance will there be that we can long continue as partners in the great enterprise of preserving world peace?

Please do not misunderstand me. Neither this agreement nor any other single step that we can take is a guaranty of peace. But every major thing we do or fail to do in international affairs has some bearing on the chances of the United Nations for success. What I say is that the effect of this decision on those chances is obvious and is substantial.

U. S.—French Positions on Establishment of Central German Agencies

[Released to the press March 8]

*Message of the Secretary of State sent on February 1, 1946 to Georges Bidault, Minister of Foreign Affairs of France*¹

I should be most grateful if you could see your way clear to review the French attitude on the establishment of central German agencies. In doing this, I should like to ask you to take into account the following considerations:

I believe, as a result of our close cooperation in the European Advisory Commission in planning the occupation of Germany and in our day-to-day relationships with the French representatives on the Control Council, that the basic ideas of the French and American Governments on the politi-

cal principles which govern the treatment of Germany in the occupation period are not far apart. I am certain that our reiterated intention to destroy German militarism and Nazism and our joint measures to accomplish the complete disarmament of Germany have received the complete approval of the French Government. I know that we are in accord on the political premise that the administration of affairs in Germany should be directed toward a decentralization of German governmental structure and the development of local administrations based upon democratic principles. Furthermore, I am sure you will agree that the time has not yet come to reestablish any central German Government and that the occupation of Germany under the prevailing agreements is expected to continue for an indefinite period. I should like you to know that I fully appreciate the

¹This message was communicated to Mr. Bidault on Feb. 6.

natural desire of your Government to prevent the resurgence of a militant and aggressive Germany. Lying next to Germany as France does, I can readily understand the desire of the French Government to effect territorial changes which, in its opinion, will form the basis of security against Germany. Therefore, I can understand the reasons which have prompted the French Government, acting under the unanimity rule of the Control Council to prevent the establishment of central German administrative departments.

On the other hand, the central German agencies proposed will be operating under the direction of the Control Council, in which the French Government has full participation. The Control Council is directed so to manage affairs in Germany that the former highly centralized governmental structure of the German Reich will be abolished and replaced by a much looser structure. It does not seem to me that this theory is incompatible with the establishment of certain central administrative departments which will enable the Control Council to equalize and make uniform the treatment of Germany in many important aspects. Even under a loosely-federated form of Government it would seem to be indispensable eventually to permit the establishment of central agencies in the fields of finance, transport, communications, foreign trade and the control of German industry. Otherwise, we may have a situation in which it will become impossible to administer Germany as an economic unit and to effect that reduction of German war potential which we both agree is essential.

I should also like you to know that in my opinion the establishment of certain central German agencies does not prejudice the eventual consideration of Germany's western frontier. This problem is an enormously complicated one which will no doubt be the subject of extended exchanges of views between the Allies. We have not as yet begun our joint labors on the conclusion of a peace treaty with Germany and I think you will agree the time has not yet come to do so. The greatest security which France and all of the United Nations have against Germany is indeed a continued occupation of the German Reich. We all hope that this occupation will result in a Germany which is incapable for an indefinite future of waging war, but the problems of this occupation are enormously complex and it is indispensable that the four occupying

powers should collaborate in executing the purposes of the occupation. The American, British and Soviet Governments have all agreed that the establishment of central German agencies is required for the purposes of this occupation. They have further agreed that such agencies will be under the direction of the Control Council.

Last, but not least, it seems to me that we must view the functioning of the Control Council as a test of the ability of the four Allies represented thereon to work together in the post-war world. Failure of the Council would mean failure of Allied cooperation and would be so regarded in the world at large.

I, therefore, express the earnest hope that the French Government will reconsider its attitude in this matter and will, by so doing, facilitate the development of the common Allied policy in Germany.

Reply by the French Minister of Foreign Affairs received on March 2, 1946 by the Secretary of State

By a communication dated February 6, you were good enough to inform me of your desire to have me re-examine the position taken by the French Government on the subject of the creation of central German agencies.

You reviewed for me on this occasion the principles on which American policy toward Germany is founded: The destruction of German militarism and Nazism, the complete disarmament of Germany, the greatest possible decentralization of the German structure, and the development of local administrations with a democratic character. You indicated that the time has not come to re-establish a central German government and that the occupation of Germany under the prevailing arrangements is expected to continue for an indefinite period. Finally you expressed your full comprehension of the French Government's desire to assure against further German aggressions and for this reason to effect territorial changes in neighboring frontier regions.

I am happy to verify the agreement of our governments on these principles and to take note of this understanding. After all, I have the feeling that, since in the last analysis it is a question of strengthening democracy and guaranteeing security, which are matters of concern common to all the United Nations, a fundamental agreement has

never ceased to exist between our governments. The divergence of views appears only over the practical measures to be taken to assure the effective application of our common ideas.

The French Government for its part, if it considers, in agreement with the American Government, the prolonged occupation of Germany as the best guarantee of security, nonetheless cannot ignore the fact that this occupation will eventually end. Even at this time the French Government is preoccupied with the measures which must be taken to avoid the possibility that Germany shall become again a menace to peace when the occupation shall have ended. It seems to it, given the human potential of this country, that the German menace will exist as long as a German Government, perhaps favored by a relaxation of international vigilance such as occurred between the Two World Wars, has at its disposal the necessary industrial resources to reconstitute its military power. The experience of the last twenty-five years has made it clear that territorial clauses are the last that revisionist states question. Those clauses also may be easily implemented by an effective and precise international guarantee. For these reasons, the French Government proposes that the separation of certain regions from German sovereignty characterize (*marqué*) the irrevocable nature of the limitations imposed on German potentialities and render it, in fact, irrevocable.

These preoccupations are known to your government. You tell me you understand them. You nonetheless judge that they present an enormously complicated problem; that—for the present—the occupation assures us security; that this occupation in itself presents very complex questions; that the treatment of these questions (in this instance the creation of central German agencies) does not prejudice the terms of a future territorial settlement and therefore should be not delayed by a study of these terms.

Whatever be the importance, complexity and urgency of the questions posed by the occupation and administration of Germany, the French Government does not think that the occupation powers should, to facilitate their immediate task, compromise the guarantees of the future. It is not a simple concern for logic which leads the government to desire that before re-establishing German administrative services, the four powers will reach

agreement on the extent of future German territory. In fact, to the French Government it would appear that even if the frontiers remain theoretically open to future settlement, the establishment of central German services having their own right of decision, having ramifications in all the territory actually under control and exercising direct action everywhere by their agents will be generally considered, particularly by the German population, as prejudicing future settlements. Furthermore, the manner in which this same problem has been treated in the past will reinforce this impression and finally this impression itself will make subsequent territorial modifications on which the powers may agree more difficult.

Moreover the experience of the years just after the First World War showed that the most active and successful adversaries of any kind of decentralization of the Reich were precisely the local agents of the central German administration.

For all these reasons, the French Government continues to feel that, if the occupying powers intend to follow a policy of decentralization they should not begin to establish extended (*tentaculaires*) administrations having independent authority. The French Government could not in any case agree to the extension of the authority of such administrations to the Ruhr, Rhineland or even more to the Saar.

This does not mean that my government does not recognize the necessity of coordinating the activities of the various zones. It considers, however, that this coordinating role belongs to the inter-Allied Council and that the Council, under present conditions, should alone retain the power of making decisions, these decisions to continue to be presented, as necessary, to the local German administrations through the Allied authorities in each zone. As a matter of fact, this position would seem to be close to that which you yourself take in stating that the time has not yet arrived to establish any sort of central German Government.

If it is only a question, as I understand it, of facilitating the examination of technical questions coming under the competence of the inter-Allied Council and of assuring better coordination in the governing of the four zones by the authorities charged with their administration, it would not seem necessary to weaken the rules recalled above to obtain this result. It would suffice for the Coun-

cil, without changing present practice, to obtain the collaboration of the German technical administrations in the preparation and support of the Council's policy.

The French Government would not object that the establishment of services of this nature and the definition of their duties should be examined by representatives of the four governments.

Moreover, whatever may be the complexity of the problem of the western frontiers of Germany and the future regime of the Rhine-Westphalian region, my government, whose views were presented in the memorandum submitted to the Council of Ministers for Foreign Affairs on September 13, and subsequently explained by the Chief of the French delegation on the 26th of that month, feels it must point out that no reply has been received up to this date in spite of the visits of M. Alphand to Moscow. It hopes that these proposals which the governments primarily interested have

had the time to study in all their phases, may also be submitted to joint discussion.

It therefore suggests that a four-party conference be called as soon as possible for the examination of both the question of central German administrations and that of western Germany. If the idea of such a conference should be approved by the Government of the United States and the two other governments—to whom a similar proposal has been made—the French Government would be happy to receive any suggestions regarding the conditions under which such a conference might be organized. It feels that an appropriate setting would be the Conference of Ministers for Foreign Affairs which, in accordance with the resolution adopted at its meeting of September 26, is the proper body having competence for the discussion of these matters. The French Government is, however, ready to examine any other method of examination which might be presented to it.

Repatriation of U. S. and Soviet Citizens

STATEMENT BY DEPARTMENT OF STATE

[Released to the press March 8]

As was announced by the White House on February 12, 1945,¹ there was concluded at the Yalta Conference an agreement signed by Major General John Russell Deane of the United States Army and by Major General A. A. Gryzlov of the Soviet Army on behalf of their respective governments, which provided for the repatriation of United States and Soviet citizens freed by their respective forces. The primary object of this agreement was to facilitate the speedy return to the United States of American prisoners of war liberated from German hands by the Red Army and the return to the U.S.S.R. of Soviet prisoners of war liberated by United States forces. On the basis of this agreement, all American liberated prisoners of war were enabled to return to the United States as speedily as practicable.

In the implementation of this agreement the United States Government is facilitating the repatriation to the Soviet Union of only those persons who were both citizens of and actually domiciled within the Soviet Union on September 1, 1939.

The repatriation of Soviet citizens is not facilitated unless they so desire, with the exception of those who fall within the following categories:

(1) Those who were captured in German uniforms;

¹ The following was released to the press by the White House on Feb. 12, 1945, not printed heretofore:

A comprehensive agreement was reached at the Crimea Conference providing detailed arrangements for the protection, maintenance, and repatriation of prisoners of war and civilians of the British Commonwealth, Soviet Union, and United States liberated by the Allied forces now invading Germany.

Under these arrangements each ally will provide food, clothing, medical attention, and other needs for the nationals of the others until transport is available for their repatriation. In caring for British subjects and American citizens the Soviet Government will be assisted by British and American officers. Soviet officers will assist British and American authorities in their task of caring for Soviet citizens liberated by the British and American forces during such time as they are on the continent of Europe or in the United Kingdom, awaiting transport to take them home.

We are pledged to give every assistance consistent with operational requirements to help to insure that all these prisoners of war and civilians are speedily repatriated.

(2) Those who were members of the Soviet armed forces on or after June 22, 1941 and were not subsequently discharged therefrom;

(3) Those who on the basis of reasonable evidence have been found to be collaborators with the enemy, having voluntarily rendered aid and comfort to the enemy.

AGREEMENT RELATING TO PRISONERS OF WAR AND CIVILIANS LIBERATED BY FORCES OPERATING UNDER SOVIET COMMAND AND FORCES OPERATING UNDER UNITED STATES OF AMERICA COMMAND

The Government of the United States of America on the one hand and the Government of the Union of Soviet Socialist Republics on the other hand, wishing to make arrangements for the care and repatriation of United States citizens freed by forces operating under Soviet command and for Soviet citizens freed by forces operating under United States command, have agreed as follows:

Article 1.

All Soviet citizens liberated by the forces operating under United States command and all United States citizens liberated by the forces operating under Soviet command will, without delay after their liberation, be separated, from enemy prisoners of war and will be maintained separately from them in camps or points of concentration until they have been handed over to the Soviet or United States authorities, as the case may be, at places agreed upon between those authorities.

United States and Soviet military authorities will respectively take the necessary measures for protection of camps, and points of concentration from enemy bombing, artillery fire, etc.

Article 2.

The contracting parties shall ensure that their military authorities shall without delay inform the competent authorities of the other party regarding citizens of the other contracting party found by them, and will at the same time take the necessary steps to implement the provisions of this agreement. Soviet and United States repatriation representatives will have the right of immediate access into the camps and points of concentration where their citizens are located and they will have the right to appoint the internal administration and set up the internal discipline and management in accordance with the military procedure and laws of their country.

Facilities will be given for the despatch or transfer of officers of their own nationality to camps or points of concentration where liberated members of the respective forces are located and there are insufficient officers. The outside protection of and access to and from the camps or points of concentration will be established in accordance with the instructions of the military commander in whose zone they are located, and the military commander

shall also appoint a commandant, who shall have the final responsibility for the overall administration and discipline of the camp or point concerned.

The removal of camps as well as the transfer from one camp to another of liberated citizens will be effected by agreement with the competent Soviet or United States authorities. The removal of camps and transfer of liberated citizens may, in exceptional circumstances, also be effected without preliminary agreement provided the competent authorities are immediately notified of such removal or transfer with a statement of the reasons. Hostile propaganda directed against the contracting parties or against any of the United Nations will not be permitted.

Article 3.

The competent United States and Soviet authorities will supply liberated citizens with adequate food, clothing, housing and medical attention both in camps or at points of concentration and en route, and with transport until they are handed over to the Soviet or United States authorities at places agreed upon between those authorities. The standards of such food, clothing, housing and medical attention shall, subject to the provisions of Article 8, be fixed on a basis for privates, non-commissioned officers and officers. The basis fixed for civilians shall as far as possible be the same as that fixed for privates.

The contracting parties will not demand compensation for these or other similar services which their authorities may supply respectively to liberated citizens of the other contracting party.

Article 4.

Each of the contracting parties shall be at liberty to use in agreement with the other party such of its own means of transport as may be available for the repatriation of its citizens held by the other contracting party. Similarly each of the contracting parties shall be at liberty to use in agreement with the other party its own facilities for the delivery of supplies to its citizens held by the other contracting party.

Article 5.

Soviet and United States military authorities shall make such advances on behalf of their respective governments to liberated citizens of the other contracting party as the competent Soviet and United States authorities shall agree upon beforehand.

Advances made in currency of any enemy territory or in currency of their occupation authorities shall not be liable to compensation.

In the case of advances made in currency of liberated non-enemy territory, the Soviet and United States Governments will effect, each for advances made to their citizens necessary settlements with the Governments of the territory concerned, who will be informed of the amount of their currency paid out for this purpose.

Article 6.

Ex-prisoners of war and civilians of each of the contracting parties may, until their repatriation, be employed in the management, maintenance and administration of the camps or billets in which they are situated. They

may also be employed on a voluntary basis on other work in the vicinity of their camps in furtherance of the common war effort in accordance with agreements to be reached between the competent Soviet and United States authorities. The question of payment and conditions of labour shall be determined by agreement between these authorities. It is understood that liberated members of the respective forces will be employed in accordance with military standards and procedure and under the supervision of their own officers.

Article 7.

The contracting parties shall, wherever necessary, use all practicable means to ensure the evacuation to the rear of these liberated citizens. They also undertake to use all practicable means to transport liberated citizens to places to be agreed upon where they can be handed over to the Soviet or United States authorities respectively. The handing over of these liberated citizens shall in no

way be delayed or impeded by the requirements of their temporary employment.

Article 8.

The contracting parties will give the fullest possible effect to the foregoing provisions of this Agreement, subject only to the limitations in detail and from time to time of operational, supply and transport conditions in the several theatres.

Article 9.

This Agreement shall come into force on signature.

Done at the Crimea in duplicate and in the English and Russian languages, both being equally authentic, this eleventh day of February, 1945.

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

JOHN R. DEANE, U.S.A.

Major General

FOR THE GOVERNMENT OF
THE UNION OF SOVIET
SOCIALIST REPUBLICS

A. A. GRYZLOV,

Major General

Disposal of the German Merchant Fleet

REPORT OF THE TRIPARTITE MERCHANT MARINE COMMISSION

[Released to the press March 7]

At the conference held at Berlin between July 17 and August 2, 1945, the Governments of the Union of Soviet Socialist Republics, the United Kingdom, and the United States of America agreed that the German merchant marine should be divided equally among the Union of Soviet Socialist Republics, the United Kingdom, and the United States excluding the inland and coastal ships determined by the Allied Control Council for Germany to be necessary for the maintenance of the German peace economy. It was further agreed that the United Kingdom and the United States of America would provide out of their shares of the surrendered German merchant ships appropriate amounts for allied states whose merchant marines suffered heavy losses in the common cause against Germany, except that the Union of Soviet Socialist Republics would provide out of its share for Poland.

For the purpose of dividing the German merchant marine into the three initial shares, the three Governments agreed to constitute a Tripartite Merchant Marine Commission to submit to them agreed recommendations for the allocation of specific German merchant ships and to handle other detailed matters arising out of the agreement.

The Commission was accordingly established and met at Berlin from September 1 to December 7, 1945, when it presented its report for the three Governments approval.

The report makes detailed provision for dividing a total of approximately 1,189,600 gross registered tons of sea-going German merchant shipping between the three powers, in shares based on a valuation of the tonnage at 1938 building prices, after making allowance for depreciation. The ships so allocated represent a total value on this basis of over 20,000,000 pounds sterling. The report provides for the retention of a further 200,000 deadweight tons, consisting entirely of ships under 2,250 deadweight tons, for the maintenance of the German peace economy. The report also includes recommendations concerning the very early delivery of the vessels allocated and other subsidiary questions.

The report and recommendations of the Tripartite Merchant Marine Commission have been approved by the Governments of the Union of Soviet Socialist Republics, the United Kingdom, and the United States, and the transfer of the vessels is now taking place.

The German fishing fleet, dredger fleet, port facilities, and inland water transport will form the subject of a separate announcement.

Special Diplomatic Mission to the Yemen

[Released to the press March 6]

The Department of State announces that the membership of the Special Diplomatic Mission of the United States to the Kingdom of the Yemen will be as follows:

William A. Eddy, Chief of Special Diplomatic Mission with the personal rank of Minister. Mr. Eddy is concurrently Envoy Extraordinary and Minister Plenipotentiary to Saudi Arabia.

Richard H. Sanger, Division of Near Eastern Affairs, Department of State, Member of Special Diplomatic Mission.

Harlan B. Clark, Foreign Service Officer, Member and Administrative Officer of Special Diplomatic Mission.

Dr. Oswald F. Hedley, Senior Surgeon, United States Public Health Service, Technical Member of Special Diplomatic Mission.

Lieutenant Colonel Jack N. Nahas, Signal Corps, United States Army, Technical Member of Special Diplomatic Mission.

Fred H. Awalt, Economic Analyst, Foreign Service Auxiliary, Technical Member of Special Diplomatic Mission.

William G. Blair, Department of State, Technical Member of Special Diplomatic Mission.

The Mission is expected to reach Sana'a about April 10.

Restoration of Properties of American Nationals in Bulgaria

[Released to the press March 5]

The Department of State has been informed by its representative at Sofia, Bulgaria, that the Bulgarian Government has inserted advertisements in Bulgarian newspapers seeking to obtain information regarding properties of American nationals in that country. It is understood that such information is desired in connection with the obligations assumed by the Bulgarian Government, under the terms of the Bulgarian Armistice Agreement signed at Moscow on October 28, 1944,

to restore rights and interests of the United Nations and their nationals in Bulgaria.

For possible use in that relation the Department of State is forwarding to its representative at Sofia summaries prepared by the Treasury Department of property interests of American nationals in Bulgaria as reported to it or a Federal Reserve Bank by such nationals on form TFR-500. However, in order that the Department of State's representative and the Bulgarian Government may have as complete information as possible, the Department is suggesting to all American nationals who did not file reports on form TFR-500 that they file with the Department of State as soon as possible, for transmission to Sofia, statements regarding their property interests in Bulgaria. Such statements should be in the form of sworn statements, in duplicate, and should include, in addition to any other facts regarded as pertinent, information on the following points:

1. The names, nationalities, and addresses of the persons claiming ownership of the property and a statement showing how and when American citizenship was obtained; and, if acquired by naturalization, the number of each naturalization certificate should be given and the name and location of the court by which the certificate was issued.

2. The name and nationality of the present occupant or person in possession of the property, if known.

3. A description of the property, its exact location, and means of identification.

4. The estimated pre-war value of such property and the amount of any mortgage or other encumbrance thereon.

5. The nature and extent of any non-American interest in the property.

6. A brief statement explaining how, when, and from whom such property was acquired, and if by purchase, the price paid.

7. All available information as to the fate of the property during the war.

8. If the owner has a legal proxy in Bulgaria, his name and address, and the extent of his powers, should be stated.

The statements should be forwarded to the Division of Foreign Service Administration, Department of State, Washington 25, D. C., as soon as possible.

U. S. Urges Inclusion of Opposition Parties in Bulgarian Government

[Released to the press March 5]

Text of an aide-mémoire handed by Mr. Benjamin V. Cohen, Counselor of the Department of State, to Lt. Gen. Vladimir Stoichew, Bulgarian Representative in Washington, on February 22

In view of the misunderstanding which appears to exist in certain quarters in Bulgaria as to the position of the United States Government in regard to the decisions concerning Bulgaria taken at the meeting of Foreign Ministers in Moscow in December, 1945, the United States Government desires that the following statement of its views in the matter, which have been made known to the Soviet and British Governments, be brought to the attention of the Bulgarian Government:

It is the United States Government's interpretation of the Moscow decision that the Bulgarian Government and opposition should be urged to find a mutually acceptable basis for the participation in the present Bulgarian Government of two truly representative members of the opposition parties. It was never the understanding of the United States Government that pressure was to be exerted on the opposition to nominate two candidates for *pro forma* inclusion into the Government without regard to the conditions of their participation. Although the Moscow agreement did not set forth any specific conditions for the inclusion of the two representatives of the opposition, it did, in the view of the United States Government, anticipate that the participation of these representatives would be on the basis of conditions mutually agreeable to both the Bulgarian Government and the opposition.

It was and is the earnest hope of the United States Government that, meeting in a spirit of conciliation, representatives of the Bulgarian Government and of the opposition could and would agree to work together on a mutually acceptable basis which would enable two truly representative members of the opposition parties to participate in the Government.

Procedure for Transporting Automobiles to American Zone in Germany

[Released to the press March 4]

Arrangements have been made with the War Department for American businessmen and press correspondents to be allowed to bring their own private automobiles with them when they are granted permission to enter the American zone of occupied Germany. This arrangement is subject to the prior approval of the theater commander in each case, which will be requested by the Department of State.

Applicants for permission to enter the American zone should include with their passport applications statements that they wish to take their automobiles with them, if they desire to take advantage of this arrangement.

Travelers obtaining the required permission will have to make their own arrangements with commercial carriers for the shipment of their cars, as no government transportation is available for the purpose. Gasoline, oil, and lubricants will normally be available in the American zone, but it is understood that no spare parts are available, and that it is difficult to find facilities for repair work.

Ashes of Late Mehmet Münir Ertegün to be Transported to Turkey

[Released to the press March 6]

The remains of the late Turkish Ambassador, His Excellency Mehmet Münir Ertegün, who died at his post in Washington as Dean of the Diplomatic Corps on November 11, 1944, will be returned with full honors to Istanbul, Turkey, on board the U.S.S. *Missouri*, sailing from New York Harbor on March 21 next.

On the return voyage the *Missouri* will visit Piraeus, Greece, Alexandria, Egypt, Naples, and Tangier.

The destroyer U.S.S. *Power* will act as escort to the *Missouri*.

Industrial Enterprises in Manchuria

U. S. VIEWS EXPRESSED TO CHINESE AND SOVIET GOVERNMENTS

[Released to the press March 5]

Presented to the Chinese Government and the Government of the U. S. S. R., respectively, through the American Embassies in Chungking and Moscow, on instruction of February 9 of Secretary of State James F. Byrnes

Current reports of discussions between officials of the Chinese Government and the Russian Government with regard to the disposition and control of industrial enterprises in Manchuria give concern to this Government.

The Sino-Soviet Treaty and agreements signed August 14, 1945 provide for joint Sino-Soviet control over certain trunk railways in Manchuria, but these agreements exclude reference to any similar control over industrial enterprise in Manchuria.¹ It is the understanding of the United States Government, which was kept informed of the course of negotiations which led up to the agreements of August 1945 and which has accepted those agreements, that exclusive Sino-Soviet governmental control over Manchurian enterprise would be limited to the railways dealt with in the aforesaid agreements. It is therefore disturbing to this Government to receive reports that discussions are under way which might result in the establishment of exclusive Sino-Soviet control over industrial enterprises in Manchuria. Under present conditions, when free access to Manchuria is not open to nationals of other powers and equality of opportunity in seeking participation in the economic development of Manchuria is denied Americans and other Allied nationals, it is felt that negotiation of agreements between the Chinese and Russian Governments with regard to industries in Manchuria would be contrary to the principle of the Open Door, would constitute clear discrimination against Americans who might wish an opportunity to participate in the development of Manchurian industry, and might place American commercial interests at a distinct disadvantage in establishing future trade relations with Manchuria.

Directly related to this matter of the industries in Manchuria is the matter of reparations policy for Japan, because the major portion of the industries of Manchuria were Japanese-owned prior to the defeat of Japan. This Government considers that the ultimate disposition of Japanese external assets, such as the industries in Manchuria, is a matter of common interest and concern to those Allies who bore the major burden in defeating Japan. This Government is now preparing a general policy outline for consideration by the concerned governments with regard to Japanese reparations. It will be suggested that an Inter-Allied Reparations Commission for Japan be established, and that one of the primary functions of this Commission will be the final allocation of Japanese external assets among the various claimant nations. It would seem, therefore, most inappropriate at this juncture for any final disposition to be made of Japanese external assets in Manchuria either by removal from Manchuria of such industrial assets as "war booty" or by agreement between the Russian and Chinese Governments for the control of ownership of those assets.

The Government of the United States desires to be cooperative with the Chinese and Soviet Governments in seeking a solution of the problems outlined above and it hopes that the other two Governments are animated by a similarly cooperative spirit. It would therefore appreciate being informed of any discussions which the two Governments may be having or may plan to have or any action they may have taken, in regard to the disposition or control of industrial enterprises in Manchuria and we would welcome full and frank discussion of the general problem.

CHINESE REPLY²

Received by the Secretary of State from the Chinese Foreign Office

The Soviet Government declared in a memorandum addressed to Chinese Government on January 21, 1946 that all Japanese enterprises in the Chinese northeastern provinces which had rendered services to the Japanese Army were re-

¹ BULLETIN of Feb. 10, 1946, p. 201.

² Partial text.

garded by Soviet Union as war booty of Soviet forces. The Chinese Government considers this claim of Soviet Government as far exceeding the scope of war booty as generally recognized by international law and international usage and for this reason the two governments have not been able to reach a unanimity of views of fundamental principles involved.

In another memorandum presented to officials of the Generalissimo's Headquarters in Changchun the Soviet Government declared that it proposed to hand over to China a part of the Japanese enterprises which Soviet Union regarded as war booty while remaining enterprises (including specified coal mines, power plants, iron and steel industries, chemical industries and cement industries) were to be jointly operated by China and Soviet Union. Chinese Government on its part has found it impossible to agree to this Soviet proposal because it goes beyond provisions of the Sino-Soviet agreements of August 14, 1945 and is contrary to the aforesaid stand of Chinese Government regarding Japanese properties and enterprises in China.

Tribute to General MacArthur

[Released to the press March 8]

The Secretary of State on March 8 authorized publication of the following letter to General of the Army Douglas A. MacArthur:

March 7, 1946

DEAR GENERAL MACARTHUR:

I wish to thank you very much for the interesting Japanese sword which George Atcheson brought me from you.

I take this opportunity to congratulate you on the splendid service you have rendered in Japan. We have become accustomed to your achievements as a field commander. Since the surrender of the Japanese last August, you have demonstrated that you are a statesman as well as a soldier.

I am very proud of your successes in time of peace as well as in time of war.

With best wishes, I am,

Very sincerely yours,

JAMES F. BYRNES

General of the Army DOUGLAS A. MACARTHUR,
*Supreme Commander for the Allied Powers,
Tokyo, Japan.*

Extent of General MacArthur's Jurisdiction in Pacific

[Released to the press March 6]

In response to a question at his press conference as to the extent of General MacArthur's jurisdiction in the Pacific, the Secretary stated that it extended wherever there were Japanese troops; and when asked as to whether that included Manchuria, he stated that he thought it would unless authority had been delegated to other commanders when it would depend on the terms of the delegation. For accurate information he stated that inquiry should be made of the War Department. The Secretary finds on consultation with the War Department that General MacArthur has no responsibility for the action of local allied commanders outside of Japan, Southern Korea, and certain islands of the Pacific.

Examination of Korean Economy

[Released to the press March 5]

The Department of State is considering methods, including financial aid to Korea, by which the United States can assist Korea to develop a strong and independent economy, freed of Japanese influence. To provide necessary information the Department has sent Mr. Gordon Strong of the Office of Financial and Development Policy to Korea where he is serving with Mr. Arthur Bunce, recently appointed economic and agricultural adviser to Lieutenant General Hodge.

Mr. Strong will examine the needs of Korea with respect to financial and other assistance in rehabilitating and developing its industrial and transportation facilities. This information will be valuable both in planning a general program and in acting upon specific requests for such assistance that may be made by the Korean Provisional Government, to be set up by the U.S.-U.S.S.R. Joint Commission.

It will be the policy of the United States to insure that aid in Korea's economic development is given on terms and under conditions which have been fully discussed with and agreed to by the Korean Provisional Government.

Raphael O'Hara Lanier Takes Oath of Office as U. S. Minister to Liberia

[Released to the press March 1]

At 12 noon on March 1, Raphael O'Hara Lanier took the oath of office as American Minister to Liberia. Mr. Lanier succeeds Lester A. Walton, who recently resigned from his post at Monrovia after more than 10 years of faithful and distinguished service. Mr. Lanier will bring to the Legation at Monrovia a fund of administrative ability which he has acquired through many years of service at various Negro institutions. Mr. Lanier's career as an educator and administrator began in 1923 when he joined the staff of Tuskegee Institute as a teacher. From 1925 to 1933, he served as Dean and Director of Summer and Extension Sessions at Florida A. and M. College, Tallahassee, Fla. In 1933 he was appointed Dean of Houston College at Houston, Tex., where he remained until 1938 when he joined the National Youth Administration as Assistant Director in the Division of Negro Affairs. In 1940 Mr. Lanier went to Hampton Institute, Hampton, Va., and served as Dean of Instruction, Dean of Faculty and Acting President until 1945 when he accepted the position of Special Assistant to the Assistant Chief of the Bureau of Areas, United Nations Relief and Rehabilitation Administration. The new Minister to Liberia has long been noted for his special interest in international and race relations, economic and social problems, and educational matters in general.

Mr. Lanier's mission will constitute another firm step forward in the maintenance of close and friendly relations between this country and the sovereign state of Liberia and in the implementation of American policy toward Liberia. This policy, which has been ably carried out in recent years by Mr. Lanier's predecessor, encompasses all practicable assistance and encouragement to Liberia in the achievement of political, social, and economic progress. With this goal in mind, the Government of the United States is cooperating with the Government of Liberia in the construction of a port at Monrovia from lend-lease funds which will be repaid by the Liberian Government

from port charges when the port comes into operation. An American Technical Mission is at present working in Liberia and advising the Government on measures which should be undertaken to promote the economic and social improvement of the country. In addition, a United States Public Health Mission, under the directorship of a prominent American Negro public-health expert, is engaged in improving hygiene, sanitation, and medical facilities.

The Department of State also released on March 1 the following text of a letter of commendation from the Secretary of State to Lester A. Walton, who recently resigned as Minister to Liberia:

January 31, 1946

MY DEAR MR. WALTON:

I have learned with regret that you have found it necessary for personal reasons to resign as Minister to Liberia and I note that the President has accepted your resignation. You have faithfully served the Department for more than ten years at that post, the longest incumbency in the history of our official relations with Liberia, and have done much to foster our friendly relations with that country and its people.

Owing in great measure to your untiring efforts, this Government has recently undertaken to cooperate with the Liberian Government in carrying out a number of projects which will contribute materially to the advancement of economic and social progress in Liberia. The inauguration of these projects was greatly facilitated by your skill in conducting the negotiations leading up to the various agreements upon which they are based. The invaluable experience and knowledge of the people of Liberia which you have gained during your long tenure of office have been ably employed in carrying out the Department policies. They will be sorely missed upon your departure from Monrovia.

In expressing the appreciation of the Department for the long and faithful service which you have rendered, I desire to add my personal expression of gratitude for your cooperation. I hope that you will find it possible to continue to contribute in your future private capacity to the good work you have so long and so ably carried on as American Minister in promoting the friendship between the United States and Liberia.

Sincerely yours,

JAMES F. BYRNES

Conversations With French on Double Taxation

[Released to the press March 5]

The French Government has accepted an invitation of the Government of the United States to send a delegation to Washington for *ad referendum* negotiation of an estate tax convention and revision of the income tax convention of July 25, 1939 between the two countries. The French Delegation is expected to arrive shortly after March 15.

Officials of the Department of State and of the Treasury Department, including the Bureau of Internal Revenue, will participate in the conversations on behalf of the Government of the United States.

If appropriate bases are found to exist, drafts of conventions will be prepared and submitted by the representatives to their respective governments for consideration with a view to signing.

Synthesis of Penicillin

United States-United Kingdom

By an exchange of notes dated January 25, 1946, between the Acting Secretary of State and the British Ambassador in Washington, there was effected an agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland relating to the principles applying to the exchange of information looking to the synthesis of penicillin. This agreement was concluded in pursuance of a request of the Office of Scientific Research and Development, an agency of the United States Government, and the British Medical Research Council. The principal purpose and effect of the agreement is to confirm and formalize the terms on which, during the period December 1, 1943 to October 31, 1945, inclusive, scientific information pertaining to the purification, structure, and synthesis of penicillin, or a therapeutic equivalent, was interchanged. The agreement expresses the understanding of the two Governments with respect to the disposition of patent rights resulting from the joint research project. It is agreed that the United States Government will decide whether discoveries and in-

ventions made by the American participating concerns shall be the subject of patent applications, while the British Government will decide whether discoveries and inventions made by British participating concerns shall be the subject of patent applications. Each Government will determine the disposition of inventions covered by patents in its own territory, while joint consideration will be given to the disposition of inventions covered by patents in other countries.

Sanitary Conventions of 1944

Belgium

The Belgian Government has acceded to the International Sanitary Convention, 1944,¹ and to the International Sanitary Convention for Aerial Navigation, 1944,² effective January 25, 1946, the date of the receipt in the Department of State of a note from the Belgian Ambassador. The Ambassador stated in his note that the accession is regarded as applying to Belgium, the Belgian Congo, and the territory of Ruanda-Urundi under Belgian mandate.

Whaling Agreement and Protocol

Chile

The American Embassy at London has informed the Department of State of the accession of the Chilean Government to the international agreement for the regulation of whaling signed in 1937³ and to the protocol thereto signed in 1938.⁴ The accession became effective on February 13, 1946.

The Foreign Service

Consular Offices

The American Consulates General at Frankfurt, Berlin, and Hamburg, and the Consulate at Stuttgart were opened to the public on March 1, 1946.

¹ Treaty Series 991.

² Treaty Series 992.

³ Treaty Series 933.

⁴ Treaty Series 944.

The Congress

Authorizing the Appointment of Lt. Gen. Walter B. Smith as Ambassador to the Union of Soviet Socialist Republics. H.Rept. 1674, 79th Cong., To accompany H.R. 5529. 2 pp. [Favorable report.]

Alaskan International Highway Commission. H.Rept. 1679, 79th Cong., To accompany H.R. 2871. 2 pp. [Favorable report.]

The Department

Appointment of Officers

[Released to the press March 8]

Assistant Secretary Benton announced the appointment of G. Kenneth Holland as Associate Director of the Office of International Information and Cultural Affairs. Mr. Holland will supervise cultural activities relating to the exchange of students, professors, and specialists, and the maintenance of United States information libraries abroad. Mr. Holland comes to the Department from the Office of Inter-American Affairs, where he has served as president of the Inter-American Educational Foundation.

Walter S. Surrey as Chief in the Division of Economic Security Controls, effective February 1, 1946.

John D. Sumner and John P. Young as Advisers in

the Office of Financial and Development Policy and in the Division of Investment and Economic Development, effective January 14, 1946. This announcement supplements information contained in the BULLETIN of March 3, 1946.

Publication of the Treasury Department

Census of Foreign-Owned Assets in the United States. United States Treasury Department, Office of the Secretary, Washington, D. C., 1945. 88 pp.

This report shows the results of a census of foreign-owned assets in the United States taken in 1941 by the Treasury Department's Foreign Funds Control. The data provided by the census are available not only for use in unfreezing foreign-owned assets over which the Foreign Funds Control exercised wartime supervision, but also for their application to various post-war problems of international concern.

This census was taken immediately after "freezing control" was extended in June, 1941 to Germany, Italy, and the remainder of continental Europe. In order to obtain full information the Treasury circularized tens of thousands of questionnaires to business concerns and individuals.

Copies of the report may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

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* Treaty information.